

# Lamar CISD Affiliated Community Organization Guide

TRUSTWORTHINESS RESPECT RESPONSIBILITY FAIRNESS CARING CITIZENSHIP

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The Guide includes some items that must be followed by all Affiliated Community Organizations, such as District policies and guidelines, UIL guidelines, and state and federal regulations. Other items include suggestions for improving the organization's related to day to day activities.



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## Preface

Lamar Consolidated Independent School District prepared the *Lamar CISD Affiliated Community Organizations Guide* (hereinafter referred to as Guide) to assist Affiliated Community Organizations in meeting District, University Interscholastic League (UIL), state, and federal requirements. Therefore, it includes checklists, laws, regulations, policies, best practices, and examples for Affiliated Community Organizations to follow. The Guide includes some items that must be followed by all Affiliated Community Organizations, such as District policies and guidelines, UIL guidelines, and state and federal regulations. Other items include suggestions for improving the organization's related to day to day activities.

***Important:*** *The District is not an authority on specific legal procedures, accounting situations or tax-related issues concerning individual Affiliated Community Organizations; therefore, Affiliated Community Organizations should obtain competent independent counsel on accounting, legal, and tax matters related to their specific circumstances.*

## Definitions

Affiliated Community Organizations are parent organizations established to promote school programs or complement student groups or activities. An Affiliated Community Organization's purpose may be to support a student group or program at a particular school or various student groups or programs at various schools. Students enrich their education and expand their horizons when they participate in school activities and programs. Therefore, the District greatly appreciates the time, effort, and financial support that the Affiliated Community Organizations provide to our students.

Even though an Affiliated Community Organization works very closely with the District, it is a separate entity from the District. However, the formation of an Affiliated Community Organization must be approved by an appropriate Campus Principal or Administrator. In addition, an Affiliated Community Organization must adhere to various District policies and guidelines, University Interscholastic League (UIL) guidelines, and state and federal regulatory guidelines.

Affiliated Community Organizations support a particular student group or program through a Sponsor. The Sponsor is a District employee who serves as the liaison between the Affiliated Community Organizations and the District. In addition, the pertinent Campus Principal or other appropriate Administrator must approve various activities of both the student group and the related Affiliated Community Organization. The main responsibilities of an Affiliated Community Organizations, a Sponsor, and a Campus Principal or Administrator are indicated below:

**Affiliated Community Organization** - An Affiliated Community Organization (Parent Group or Booster Club) is responsible for supporting a student group, activity, or program. Support may be as simple as providing support at games or an event or as complex as raising money for an out-of-state competition. The Affiliated Community Organization works through the Sponsor to aid with the planned activities of the student group. The Affiliated Community Organization decides the type and amount of assistance they will provide; however, the Affiliated Community Organization does not have the authority to decide the activities or trips in which the student group will participate. The parents and the Affiliated Community Organization may provide suggestions about activities; however, the Sponsor is responsible for the final decision with the Campus Principal's or Administrator's approval.

**Activity Fund** - An activity fund is defined, per the LCISD Student Activity Fund manual, as a group of accounts consisting of money received and held by a school, as trustee, to expend and invest in accordance with conditions of the trust. Specifically, they are funds accumulated from the collection of student fees and various school approved money raising activities. Activity funds are used to promote the general welfare of each school and the educational development and morale of all students.

**Sponsor** - A designated Sponsor of a student group serves as the liaison between the Affiliated Community Organization and the District, under the supervision of the Campus Principal or Administrator. The Sponsor is responsible for determining the various activities and trips in which the student group will participate with the approval of the Campus Principal or

Administrator. The Sponsor does not have the authority to control the amount of support an Affiliated Community Organization provides.

**Campus Principal or Administrator** – The Campus Principal or Administrator is responsible for approving the activities of the student group and some activities of the related Affiliated Community Organization. In addition, the Campus Principal or Administrator should approve the constitution and bylaws of the Affiliated Community Organization.

#### **Role of Affiliated Community Organization Officers:**

*President:* Typically, the President of an Affiliated Community 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 supporting activities.
- Regularly meet with the Treasurer of the organization to review the organization's financial position.
- Schedule annual reviews of records or request an audit if the need should arise during the school year.

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

- Preside at meetings in the absence or inability of the President to serve.
- Perform administrative functions delegated by the President.

*Secretary:* The Secretary is responsible for keeping accurate records of the proceedings of the association and reporting to the membership. The Secretary must ensure the accuracy of the meeting minutes and have a thorough knowledge of parliamentary law and the organization's procedures. The major duties include, but are not limited to, the following:

- Report on any recommendations made by the executive board of the Affiliated Community Organization if such a governing board is defined.
- Maintain the records of the minutes and any standing committee rules, current membership and committee listing.
- Record all business transacted at each meeting.
- Maintain records of attendance of each member.
- Conduct and report on all correspondence on behalf of the organization.

*Treasurer:* The Treasurer is the authorized custodian of the funds of the organization. The Treasurer receives and disburses all monies indicated in the budget or as authorized by action of the organization. All persons authorized to handle funds of the organization should be covered by a [fidelity bond](#) in an amount based on 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.



- Issue a receipt of monies received and deposit said amounts on a weekly basis (daily if receipts on hand exceed \$250.00).
- Present/Maintain a current financial report including bank statements, bank reconciliations, and financial statements; be able to give them to the Finance Department when requested. Copies should be available for review by the general membership as requested.
- File financial reports by July 15<sup>th</sup> each year with the Campus Principal or Administrator.
- Maintain 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 State Comptroller's Office (monthly, quarterly, or annually).
- File annual IRS form 990 in a timely manner.
- Submit records to the audit committee appointed by the organization upon request or as applicable.

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

### **What are Bylaws?**

Affiliated Community Organization's bylaws provide the rules for how the organization operates, including how often meetings are held, how voting is conducted and the like. The bylaws should contain the detail of the rules of membership. Bylaws must address the organization's fiscal year, organizational structure, and the methods used to elect officers.

Bylaws must be submitted electronically to the Campus Principal or Administrator. The Campus Principal/Administrator will share the bylaws with the LCISD Executive Director of Student Programs. If the bylaws are incomplete, the Affiliated Community Organization's registration will be denied until the missing topics are included in the bylaws.

#### **Bylaw's Must:**

- Be reviewed and accepted by the Campus Principal or Administrator.
- Address the organizational structure.
- Address the methods used to elect officers, including how to handle ties.
- Contain the rules of membership.
- Include how meetings will be publicized and conducted.
- Address the organization's fiscal year.
- Not allow one person to hold multiple offices.
- Address the dissolution of an organization.

#### **Election of Officers:**

- Only active members in good standing shall be permitted to hold office or vote upon any matter of business of the organization.

- No officer shall be permitted to hold more than one office at the same time.
- LCISD staff are not allowed to hold any Affiliated Community Organization officer position that has a financial capacity. Substitutes and long-term substitutes are not considered LCISD staff. “Financial capacity” may include President, Vice-President, Treasurer, and any other member that serves on a Financial Review Committee, acts as a check signer for the organization, or any other function that involves the receipt and distribution of money.

At a minimum, the organization shall elect the officers (referenced above) per the organization’s by-laws. Each officer should receive a printed copy of the Lamar CISD Affiliated Community Organization Guide. Each officer must read the Guide and return a signed Lamar Consolidated Independent School District Affiliated Community Organization Guide Acknowledgement (in [Resource](#) section) to the Campus Principal or Administrator before the first meeting of the new school year.

The information in this Guide is provided to assist Affiliated Community Organizations in following pertinent policies and regulations and to provide best practices for their organization.

## Important Contact Information

### *Lamar CISD*

Melissa Toon, Partners in Education Coordinator 832-223-0383  
[mtoon@lcisd.org](mailto:mtoon@lcisd.org)

Michele Reynolds, Director of Finance 832-223-0153  
[mreynolds@lcisd.org](mailto:mreynolds@lcisd.org)

Robert Langston, Manager of Purchasing & Materials 832-223-0165  
[robert.langston@lcisd.org](mailto:robert.langston@lcisd.org)

TBA, Buyer 832-223-0166  
[@lcisd.org](mailto:@lcisd.org)

Nikki Nelson, Athletic Director 832-223-0151  
(Contact for Athletics UIL Questions)  
[nnelson@lcisd.org](mailto:nnelson@lcisd.org)

Ram Estrada, Director of Performing & Visual Arts 832-223-0512  
(Contact for Performing & Visual Arts UIL Questions)  
[restrada@lcisd.org](mailto:restrada@lcisd.org)

Dr. Kayse Lazar, Director of Career & Technical Education 832-223-0128  
[Kayse.lazar@lcisd.org](mailto:Kayse.lazar@lcisd.org)

### *State Contact List*

Office of the Texas Attorney General 512-463-2100  
[www.oag.state.tx.us](http://www.oag.state.tx.us)

Consumer Protection Division 713-223-5886  
1-800-621-0508

Public Information & Assistance 512-463-2707  
1-800-252-8011

Texas Secretary of State 512-463-5600  
[www.sos.state.tx.us](http://www.sos.state.tx.us)

Web File Help 1-800-531-5441

State & Use Taxes 1-800-252-5555

University Interscholastic League (UIL) [www.uil texas.org](http://www.uil texas.org)

***Internal Revenue Service (IRS) Contacts***

[www.irs.gov](http://www.irs.gov) – Select Forms & Publications under Resources

Main Information 1-800-829-1040

Tax-Exempt Organizations 1-877-829-5500

Tax Forms & Publications 1-800-829-3676

## **Steps to Starting an Affiliated Community Organization**

*\*Only for organizations not currently established*

1. Obtain written approval of the Campus Principal for the new organization.
2. Send a copy of the written approval to the LCISD Executive Director of Student Programs.
3. Establish the organization's mailing address.
4. File for incorporation with the Texas Secretary of State ([www.sos.state.tx.us](http://www.sos.state.tx.us)).
5. Apply for an Employer Identification Number (EIN) with the IRS by completing IRS Form SS-4 (<https://www.irs.gov/pub/irs-pdf/fss4.pdf>).
6. Apply for a Sales Tax Permit with the Texas State Comptroller's Office (<https://comptroller.texas.gov/taxes/sales/>).
7. Apply for federal tax-exemption as a public 501(c)(3) organization with the IRS (<https://www.irs.gov/charities-non-profits/charitable-organizations/public-charity-exemption-application>).
8. Receive a Letter of Acknowledgement from the IRS.
9. Send a copy of the applicable Determination Letter to the LCISD Executive Director of Student Programs.
10. Apply for limited exemption from Texas sales, excise, and use tax with the Texas State Comptroller's Office (<https://comptroller.texas.gov/taxes/sales/forms/>).
11. Put all documents related to these steps in the campuses **and** organization's "Permanent File".

## Affiliated Community Organization Annual Checklist

*For blank form, please [click here](#).*

The following checklist serves as a guide to help ensure that the Affiliated Community Organization has complied with the District's Board Policies and guidelines and federal and state regulations governing Affiliated Community Organizations. In addition, information the Affiliated Community Organization documents here will help future officers continue its compliance efforts.

### General

1. Provide the LCISD Executive Director of Student Programs and the Campus Principal or Administrator with a list of the organization's officers at the beginning of each school year and as new officers assume the position. The list should include:
  - a. Name
  - b. Office Held
  - c. Mailing Address (cannot be Lamar CISD school address). To avoid possible confusion, the Affiliated Community Organization needs to have a separate mailing address to ensure distinction between it and the campus. Specifically, for tax purposes. If necessary, shipments can be sent to the campus, but the billing address must be different (PO Box recommended).
  - d. Home Phone Number
  - e. Work Phone Number
2. Provide the Campus Principal or Administrator with the organization's constitution, bylaws, and operating procedures when they are originated and annually.
3. The organization's official mailing address is:

Official Name \_\_\_\_\_  
PO Box/Street \_\_\_\_\_  
City, State, and Zip Code \_\_\_\_\_

### Fund-Raisers

1. Provide the Sponsor and the Campus Principal or Administrator with a list of fund-raisers planned for the current year by the date established by the Campus Principal or Administrator or at least 30 days prior to any fund-raisers being held.
2. Provide the Sponsor with detailed fund-raising information at least 30 days prior to the fund-raising event.
  - a. The detailed fund-raising information should include:
    - i. Purpose of the fund-raiser
    - ii. Type of fund-raising activity (i.e., candy sale, carnival)
    - iii. Date(s), time(s), and place(s) of the activity
    - iv. Name of the sponsoring organization
    - v. Name & phone number of organization's representative(s)
    - vi. Name & phone number of person(s) in charge of the fund-raiser
    - vii. Name & phone number of the person(s) who will be handling the money for the fund-raiser

3. If the organization has received a limited tax-exemption from the Texas State Comptroller’s Office, the organization is entitled to two (2) “one-day, tax-free” sales/auction days **per calendar year**.

If the organization is entitled to the two (2) “one-day, tax free” sales days, indicate the “one-day, tax-free” sales/auction that have been used or that are planned:

Calendar Year	
Date/Fund-raiser	
Date/Fund-raiser	
Calendar Year	
Date/Fund-raiser	
Date/Fund-raiser	

4. The organization **cannot require members or students to fund-raise** or raise a certain dollar amount. For example, a student’s ability to attend a trip cannot be based on raising a certain amount of money. If the organization is currently requiring fund-raising, discontinue this requirement.
5. The organization cannot use dues or fees that are required by the campus or activity as a source of a fundraiser. All dues or fees that are mandatory for participation must be paid by the parent/guardian, directly to the campus via the Student Activity Fund.

**Financial Matters**

1. The bank accounts used by the organization include:

Bank Name and Account Type	Account Number

2. Determine the identification number used for the bank accounts. The organization’s Employee Identification Number (EIN) should be used. Do NOT use an individual’s social security number, and do NOT use the District’s EIN.

The identification number used for the bank account(s) is as follows:

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- Update the authorized signers on the Affiliated Community Organization’s bank account(s) as officers change or as needed.

The current authorized signers include the following organization officers:

Name of Person	Officer Position Held
Example: Jane Doe	President

- Provide a copy of the written Organization Financial Report for the applicable school year to the Campus Principal by July 15.
- Provide a copy of the Organization Review Committee Report that indicates the results of the review of the organization’s financial information, including the Financial Report, to the Campus Principal by August 1, of each year.

**State Regulatory Information**

*The following items need to be done ONLY ONCE since the origination of the organization.*

- Determine whether the organization has obtained a Texas Sales Tax Permit.  
The organization’s sales tax permit number is:  
\_\_\_\_\_
- Determine whether the organization has obtained a limited tax-exemption from the Texas State Comptroller’s Office.

The organization has received a limited tax-exemption from the Texas State Comptroller’s Office:

- Yes
- No

Reminder: Only those organizations with a limited tax-exemption from the Texas State Comptroller’s Office are entitled to the two (2) “one-day, tax-free” sales/auction days.

- If the organization is incorporated, determine whether the organization has obtained an exemption from Texas franchise tax from the Texas State Comptroller’s Office.

The organization is incorporated:

- Yes
- No



If the organization is incorporated, an exemption from Texas franchise tax was obtained from the Texas State Comptroller's Office:

- Yes
- No

*The following item is applicable EACH SCHOOL YEAR or CALENDAR YEAR*

4. File the organization's Texas State Sales Tax Reports as required.

*The Texas State Comptroller's Office determines whether the report needs to be filed quarterly or annually and is subject to change.*

The organization files its Texas State Sales Tax Report:

- Quarterly
- Annually

### **Federal Regulatory Information**

*The following items need to be done ONLY ONCE since the origination of the organization.*

1. Obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS).

The EIN for the organization is: \_\_\_\_\_

2. Determine whether the organization has received tax-exempt status as a public 501(c)(3) organization from the IRS. If the IRS has approved the organization's tax-exempt status, a Determination Letter would have been received from the IRS.

The organization received its tax-exempt status as a public 501(c)(3) organization from the IRS:

- Yes
- No

**Note:** If the Affiliated Community Organization has not applied for the tax-exempt status, complete the IRS Form 1023-EZ Application for Recognition of Exemption, and the Form 8718, User Fee for Tax-exempt Organization Determination Letter Request. Submit these forms and the applicable fee to the IRS.

If the Affiliated Community Organization has applied for the tax-exempt status but has not received their Determination Letter, the Affiliated Community Organization should receive an Acknowledgment of Your Request. Call the IRS to determine the status of the application.

3. If the Affiliated Community Organization has received a Determination Letter from the IRS approving the organization as a public 501(c)(3) organization, submit a copy to the LCISD Executive Director of Student Programs.

*The following item is applicable EACH SCHOOL YEAR or CALENDAR YEAR:*

4. Determine whether the organization is in good standing with the IRS by checking the [Tax Exempt Organization Search](#) site of the IRS.
5. Annually file the IRS Form 990-N, 990-EZ, or 990 Return of Organization Exempt from Income Tax. The return is typically due by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the organization's accounting period ends (due 4.5 months after the Affiliated Community Organization's official year-end).

Official Year-End: \_\_\_\_/\_\_\_\_/\_\_\_\_

6. Issue 1099 forms to applicable individuals or businesses by January 31, of each year. If 1099 forms are issued, also send information to the IRS by January 31, of each year.

### **Organization Guidelines**

1. As the organization's President or Treasurer changes, give the LCISD Affiliated Community Organization Guide to the new officer(s).

If there are any questions concerning the above items, please refer to the applicable sections of this Guide.

## **Do I Really Want to Do This?** Questions to Answer Before You Commit

Affiliated Community Organizations provide an important support function to student groups; however, they also require a strong commitment from members to work properly. Therefore, deciding whether or not to form an Affiliated Community Organization is a difficult decision that requires careful consideration of the pros and cons of formation. Interested parents should discuss these issues with each other as well as the Sponsor of the student group and the Campus Principal or Administrator. The appropriate Campus Principal must approve, in writing, the formation of an Affiliated Community Organization before the organization takes any further action to create a unique identity.

Parents may still support a student group as individuals through fund-raisers and other activities in which the students are involved, if the student group has a Student Activity Fund set up through the District. All money generated would be considered the student group's money and would benefit only that group of students. In addition, the District would be responsible for all the accounting and legal responsibilities of the Student Activity Fund.

The following are some questions to consider when deciding whether or not to form an Affiliated Community Organization:

1. Why do I want an Affiliated Community Organization?
2. What can an Affiliated Community Organization accomplish that cannot be achieved with a Student Activity Fund?
3. Do I have time to commit to an Affiliated Community Organization?
4. Are there enough parents with time to commit to an Affiliated Community Organization?
5. Am I willing to perform the necessary research, training, and paperwork to be in compliance with all District, UIL, state, and federal regulations?
6. Have I read or will I read the rest of this Guide to discover my responsibilities once an Affiliated Community Organization is formed?
7. Have I spoken with other similar Affiliated Community Organizations to determine what benefits/problems they have experienced?
8. Have I spoken with the Sponsor or Campus Principal to obtain support for the formation of an Affiliated Community Organization?

Once you have decided to form an Affiliated Community Organization,

1. You must then obtain the written approval of the Campus Principal before proceeding with any other steps to create your identity as an Affiliated Community Organization. (See [Affiliated Community Organization Registration & Approval Form](#) in this section.)
2. Send a copy of the written approval to LCISD's Executive Director of Student Programs to notify the District of the new organization.
3. Establish the organization's mailing address. (The Affiliated Community Organization will have to list an official mailing address on several state and federal forms when creating its identity as an Affiliated Community Organization; therefore, it is better to get this step done first.) The IRS and the Texas State Comptroller's Office recommend that each Affiliated Community Organization obtain a post office box (PO Box) or private mailing box (PMB) to use as the official mailing address of the Affiliated Community

Organization. The address and box keys can be transferred to the new officers at the beginning of each new year or as applicable.

Please understand the importance of maintaining a consistent mailing address for the Affiliated Community Organization.

Consider:

- A. First, this will save time since the organization will not have to update the address each year to the District, the Texas Secretary of State, the Texas State Comptroller's Office, the IRS, and the bank as would be necessary if someone's home address would be used.
- B. Second, Affiliated Community Organizations 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. The IRS mails forms and other correspondence to Affiliated Community Organization periodically. If these forms are not completed and returned to the IRS within a specific time period, an Affiliated Community Organization 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 allow campus mailing address to be used by the Affiliated Community Organization. To avoid possible confusion, the Affiliated Community Organization needs to have a separate mailing address to ensure distinction between it and the campus, specifically, for tax purposes. If necessary, shipments can be sent to the campus, but the billing address must be the PO Box.***

4. Begin the process of creating the Affiliated Community Organization's own identity with the State of Texas and the Internal Revenue Service.

### **Creating the Affiliated Community Organization’s Own Identity Overview**

The next sections of the Guide provide detailed information related to applying for permits and exemptions the Affiliated Community Organization will need. As a supplement to these pages, the following short summary lists the necessary steps in the order in which they should be completed. Some blank forms and examples of completed forms and other information are included in the [Resources](#) section to assist the Affiliated Community Organization in completing the steps.

1. Decide if the Affiliated Community Organization will be an association or a corporation and prepare the necessary organizing document.

An association will prepare and sign an “Articles of Association” as an organizing document; however, this document **will not be filed** with the Texas Secretary of State. The date the final document is signed by at least two officers or board members is considered the beginning date of the organization.

A corporation will prepare and sign an “Articles of Incorporation” as an organizing document **to be filed** with the Texas Secretary of State. The date the Articles of Incorporation is filed by the state is considered the beginning date of the organization. The Affiliated Community Organization should receive a copy of its Articles of Incorporation from the Texas Secretary of State showing the state’s “filed” stamp and/or the Affiliated Community Organization will receive a Certificate of Filing.

Both the IRS and State of Texas require that each Affiliated Community Organization have an organizing document to establish the official formation of the organization. The Affiliated Community Organization will submit this document along with the appropriate forms when applying for federal tax exemption as a public 501(c)(3) organization and when applying for state sales, use, and franchise tax exemptions.

#### Benefits of Incorporation:

- Formalize organization and provide standardized operating procedures through Articles of Incorporation and bylaws.
- Helps shield the individuals governing and operating the nonprofit organization from liabilities incurred by the organization, unless the individuals are negligent in their duties.

2. If Association, skip to Step 4. If Corporation, go to Step 3.
3. For a corporation, file for incorporation with the Texas Secretary of State before proceeding with Step 4. **For all Texas Secretary of State forms and filing instructions, go to [www.sos.state.tx.us](http://www.sos.state.tx.us).**
4. Apply for an Employer Identification Number (EIN) with the IRS.
5. Apply for a Sales Tax Permit with the Texas State Comptroller’s Office.

6. Apply for federal tax-exemption as a public 501(c)(3) organization with the IRS.
7. Receive a Letter of Acknowledgement from the IRS indicating receipt of the Affiliated Community Organization's application and payment.
8. May correspond with the IRS if the Affiliated Community Organization's bylaws need to be modified or if the IRS needs additional information to complete the Affiliated Community Organization's approval process.
9. Receive a Determination Letter (approximately 2 – 4 months later) stating the Affiliated Community Organization is a public 501(c)(3) tax-exempt organization.
10. Send a copy of the Determination Letter to the LCISD Executive Director of Student Programs.
11. Apply for a limited exemption from Texas sales, excise, and use tax with the Texas State Comptroller's Office.
12. If the Affiliated Community Organization is incorporated, file for franchise tax-exemption with the Texas State Comptroller's Office.
13. Put all of the documents related to these steps in a "Permanent File" for the organization and campus in a safe place to be forwarded to the new officers each year.
14. **Pat yourself on the back for a job well done!!**

**Lamar Consolidated Independent School District Affiliated Community Organization  
Registration & Approval Form**  
*For blank form, please [click here](#).*

To: \_\_\_\_\_ Location: \_\_\_\_\_  
(Campus Principal's Name) (Campus and/or Department's Name)

Name of Organization: \_\_\_\_\_

Purpose of Organization: \_\_\_\_\_

Student Group to be Supported: \_\_\_\_\_

Faculty Sponsor: \_\_\_\_\_

Current Number of Interested Supporters: \_\_\_\_\_

I agree with the following statements:

- I have spoken with the faculty member who will serve as the Sponsor of the Affiliated Community Organization and have received their permission to submit this registration form.
- I have contacted the LCISD Executive Director of Student Programs to obtain a copy of the Affiliated Community Organization Guide.
- I have read the Affiliated Community Organization Guide thoroughly and agree to abide by the rules and guidelines it contains.
- I understand that noncompliance with any District policy or criteria may result in the disbanding of the Affiliated Community Organization by the Campus Principal.
- I have included a current list of interested supported supporters with names, titles, mailing addresses, and phone numbers with this registration form.

Submitted by:

\_\_\_\_\_  
(Representative #1) (Date) (Representative #2) (Date)

\_\_\_\_\_  
(Representative #3) (Date) (Sponsor) (Date)

<b>For District Use Only</b>	
Received by:	Date Received:

**Lamar Consolidated Independent School District Affiliated Community Organization  
Registration & Approval Form (continued)**

**Approval of Affiliated Community Organization:**

I, \_\_\_\_\_, Campus Principal at \_\_\_\_\_  
(Campus Principal's Name) (Campus Name)  
authorize \_\_\_\_\_ to conduct student and  
(Affiliated Community Organization Name)  
organizational related activities for the benefit of \_\_\_\_\_.  
(Student Group)

This registration approval is effective for the school year beginning \_\_\_\_\_ and will  
(School Year)  
continue until such time as the Affiliated Community Organization no longer exists.

\_\_\_\_\_  
Campus Principal's Signature Date

**Disapproval of Affiliated Community Organization:**

I, \_\_\_\_\_, Campus Principal at \_\_\_\_\_  
(Campus Principal's Name) (Campus Name)  
do not authorize \_\_\_\_\_.  
(Affiliated Community Organization Name)

\_\_\_\_\_  
Campus Principal's Signature Date

- The original form should be sent to a representative of the Affiliated Community Organization shown on the first page of this form.
- Please make copies of BOTH PAGES of this form and send to:
  - The Campus Principal
  - LCISD Executive Director of Student Programs
  - The Sponsor



### **Authoritative Guidelines Overview**

Affiliated Community Organizations are governed by various entities. The School District has Board Policies and guidelines that must be followed by Affiliated Community Organizations, as well as guidelines that the Campus Principal or Administrator may implement. Also, the Affiliated Community Organizations must follow the guidelines of the University Interscholastic League (UIL); the State of Texas; and the federal government, through the Internal Revenue Service (IRS). Some state regulations relate to state sales tax while other regulations involve becoming incorporated or involve the holding of a raffle.

The following information is included in this section:

- [District Board Policy GE\(Local\)](#), Relations with Parents or Parents' organizations
- [District Board Policy GKD\(Local\)](#), Non-school Use of School Facilities
- [UIL Booster Club Guidelines](#)
  - ([https://www.uiltexas.org/files/policy/booster\\_club\\_guidelines.pdf](https://www.uiltexas.org/files/policy/booster_club_guidelines.pdf))
- State and Federal Regulations Summary

The UIL Booster Club Guidelines do not necessarily include all rules that may apply to your organization. For specific questions, contact either the Director of Athletics or the Director of Visual & Performing Arts.

The state and federal regulatory information included in this section does not include all laws or rules that may apply to the Affiliated Community Organization's particular situation. This information is provided by the District's Finance Department; however, the District's Finance Department is not an authority on specific accounting situations or tax-related issues concerning individual Affiliated Community Organizations. Therefore, Affiliated Community Organizations should obtain competent independent counsel, such as a Certified Public Accountant (CPA) or an attorney, to address accounting and tax matters related to their specific circumstances. The cost of these services would be the Affiliated Community Organization's responsibility. In addition, the IRS and the Texas State Comptroller's Office may be contacted for questions related to the organization's specific situation.

#### **IMPORTANT**

Affiliated Community Organization officers are solely responsible for ensuring that their organization is in compliance with District policies and guidelines, UIL guidelines, and state & federal regulations.

Therefore, the District, including any District employee, is NOT responsible for an Affiliated Community Organization not complying with the various policies, guidelines, and regulations.

## **State & Federal Regulatory Summary**

State and federal regulatory agencies such as the Texas State Comptroller's Office, the Texas Secretary of State, and the Internal Revenue Service (IRS) also govern Affiliated Community Organizations. New and existing Affiliated Community Organizations must abide by the regulations and guidelines set by these agencies. Affiliated Community Organizations should also maintain a current level of knowledge regarding law changes that affect them.

The next section contains information related to state and federal regulations that is current as of the date this handbook was published. The District's Finance Office strives to keep the Affiliated Community Organizations aware of new changes; however, it is the Affiliated Community Organizations' responsibility to remain updated on any recent law changes.

In addition, the [Appendix](#) of this Guide contains important and helpful information downloaded from the Texas Secretary of State, the Texas State Comptroller's Office, and the IRS. Please review this information in detail in addition to the sections in this Guide for a more complete coverage of the various issues related to 501(c)(3) organizations and Affiliated Community Organizations in general.

## **State Regulatory Information**

This section has been prepared to provide general, non-specific or all-inclusive, information to Affiliated Community Organizations regarding state tax regulations. Steps have been documented to aid an Affiliated Community Organization in abiding by the regulations; however, these steps are only general guidelines and do not ensure that an Affiliated Community Organization will remain in compliance with all state tax regulations.

Each Affiliated Community Organization should strive to remain in good standing with all state agencies. Therefore, each Affiliated Community Organization is responsible for obtaining its own competent independent counsel on accounting and tax matters related to its specific circumstances. This counsel may include a Certified Public Accountant (CPA) or an attorney. The cost of these services will be the Affiliated Community Organization's responsibility.

Affiliated Community Organization officers are solely responsible for ensuring that their Affiliated Community Organization is in compliance with all state regulations. Therefore, the District, including any District employee, is not responsible for an Affiliated Community Organization not being in good standing with all state agencies. However, the District has provided the following information that includes detailed steps Affiliated Community Organizations should take to comply with state tax regulations.

The information included:

- Obtaining an Employer Identification Number (EIN)
- Obtaining a Texas Sales Tax Permit
- Qualifying for Exemption from Texas Limited Sales, Excise, and Use Tax
  - Affiliated Community Organizations with Limited Exemption
  - Affiliated Community Organizations with No Exemption
  - "Tax-exempt" organizations
- Reporting Requirements

- Franchise Tax
- Change in Address
- Further Questions

### **Obtaining an Employer Identification Number (EIN)**

To sell any taxable items within the State of Texas, a company, organization, or person must apply for a Sales Tax Permit. Before obtaining a Sales Tax Permit, an Affiliated Community Organization must first obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS) to establish its identity as an organization.

### **Obtaining a Texas Sales Tax Permit**

Affiliated Community Organizations should obtain a Texas Sales Tax Permit if the Affiliated Community Organization intends to sell goods or taxable services in Texas. The sale of goods does include fund-raisers, such as catalog sales, candy sales, and sales of other items. In addition, some Affiliated Community Organizations sell services that may be taxable.

Affiliated Community Organizations may obtain a Texas Sales Tax Permit by submitting the completed applications to the Texas State Comptroller's Office.

A Texas Sales Tax Permit will be issued to the Affiliated Community 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 Texas State Comptroller's Office.

### **Affiliated Community Organizations should not use the District's Sales Tax Permit Number.**

### **Qualifying for Exemption from Texas Limited Sales, Excise, and Use Tax**

The Texas limited sales, excise, and use tax exemption allows approved organizations an exemption from sales tax when purchasing items to further the organization's exempt purpose. Therefore, this limited exemption allows the approved Affiliated Community Organization to make sales tax-exempt purchases of items intended for resale for a fund-raiser. This exemption process is separate and in addition to applying for federal tax-exemption from the IRS.

Only those Affiliated Community Organizations that have obtained tax-exempt status from the IRS may apply for the state exemption from Texas limited sales, excise, and use tax.

**IMPORTANT:** If the IRS considers an Affiliated Community Organization a taxable organization, the Affiliated Community Organization CANNOT receive an exemption from the Texas limited sales, excise, and use tax.

Affiliated Community Organizations may request exemption from the Texas limited sales, excise, and use tax by submitting the following to the Texas State Comptroller's Office:

1. Cover letter with the organization's name, mailing address, and Sales Tax Permit Number. Specifically request an exemption from “sales and use tax.” Include the name and daytime phone number of the organization's contact person in case the Texas State Comptroller’s Office has any questions.
2. Written statement detailing the nature of the activities conducted or to be conducted.
3. Copy of the bylaws.
4. Copy of the Articles of Incorporation, if the Affiliated Community Organization is incorporated.
5. Copy of the Determination Letter from the IRS granting the Affiliated Community Organization tax-exempt status.
6. Copy of the Affiliated Community Organization’s constitution or any applicable trust agreement.

The Texas State Comptroller’s Office may require an Affiliated Community Organization to furnish additional information including, but not limited to, documentation showing:

1. All services performed by the organization and
2. All income, assets, and liabilities of the organization

**Note:** No fee is required to apply for this exemption. In addition, exemption from franchise tax may be requested within this letter.

The information should be mailed to:  
Exempt Organizations  
PO Box 13528  
Austin, TX 78711

**IMPORTANT**

Do not use “Texas State Comptroller’s Office” in the address above, per their instructions, due to mail routing system. Please use the address as listed above.

After a review of the information, the Texas State Comptroller’s Office will notify the Affiliated Community Organization in writing if the organization qualifies for the exemption. This review process may take about 2 to 3 weeks.

**IMPORTANT**

If an Affiliated Community Organization loses its federal tax-exempt status, the IRS notifies the Texas State Comptroller’s Office. Upon notification, the Texas State Comptroller’s Office will immediately revoke the exemption from the Texas limited sales, excise, and use tax. Therefore, all subsequent purchases by the Affiliated Community Organization would be taxable. In addition, the Affiliated Community Organization must notify its vendors of the loss of exempt status concerning the Texas limited sales, excise, and use tax.

### **Affiliated Community Organizations with the Limited Exemption**

The exemption from the Texas limited sales, excise, and use tax (limited exemption) allows the approved Affiliated Community Organizations to make tax-exempt purchases of items intended for resale for a fund-raiser. The Affiliated Community Organization must present the vendor with a Texas Resale Certificate in order to purchase the items for resale tax-free. In addition, the certificate must state the Affiliated Community Organization's Sales Tax Permit Number to be valid. Affiliated Community Organizations may request the Texas Resale Certificate from the Texas State Comptroller's Office.

#### **IMPORTANT**

**Note** - The Affiliated Community Organizations with the limited exemption are entitled to two (2) "one-day, tax-free" sales or auctions per calendar year. A fund-raiser qualifies for the "one-day, tax-free" sale/auction if all items are to be delivered on one day. Each "one-day" sale/auction may not exceed 24 consecutive hours.

**Remember:** The Affiliated Community Organization must be granted the limited exemption first to be entitled to the two (2) "one-day, tax free" sales or auctions per calendar year.

Sales of items such as T-shirts, candles, cups, etc. are subject to sales tax when sold on days other than the two (2) "one-day, tax-free" sale/auction days.

### **Affiliated Community Organizations with No Exemptions**

Affiliated Community Organizations that are taxable organizations or Affiliated Community Organizations that have not received approval for the limited exemption from the Texas State Comptroller's Office must pay sales tax on all applicable purchases and must collect sales taxes on all taxable items sold.

Affiliated Community Organizations that do not have an exemption are not entitled to any "one-day, tax-free" sales/auctions.

### **Tax-Exempt Organizations**

Some organizations may be extended a "tax-exempt" status by the Texas State Comptroller's Office. The organizations receiving this status may buy, lease, or rent taxable items without paying sales and use tax if those items are necessary to their function as a tax-exempt organization.

Historically, the Texas State Comptroller's Office has not extended "tax-exempt" status to Affiliated Community Organizations.

### **Texas State Comptroller's Reporting Requirements**

The Texas State Comptroller's Office requires that Affiliated Community Organizations file at least one sales tax report per calendar year. The frequency of filing the sales tax report is determined by the Texas State Comptroller's Office. The amount of anticipated sales tax payments affects the frequency of reporting as follows:

- If projected yearly sales tax payments are \$1,000 or less, sales tax reports are filed annually.
- If projected yearly sales tax payments are more than \$1,000, sales tax reports are usually filed monthly or quarterly.

Since sales tax payments may vary from year to year, the frequency of reporting can also change. The Texas State Comptroller's Office will generally communicate changes in filing requirements to the Affiliated Community Organizations in writing. In addition, the Texas State Comptroller's Office will generally mail the required reporting form and information to organizations that have obtained a Sales Tax Permit.

### **Franchise Tax**

The franchise tax serves as Texas' primary business tax. The tax is levied on corporations, including bank corporations, and limited liability companies that are chartered in Texas for the privilege of doing business in Texas. Non-corporate organizations, such as partnerships, associations, and proprietorships are excluded from the tax. Therefore, if an Affiliated Community Organization is incorporated, they are subject to franchise tax.

However, Affiliated Community 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 State 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. Affiliated Community Organizations must write to the Texas State Comptroller's Office requesting franchise tax exemption by submitting the following:

1. Cover letter with the organization's name, mailing address, and Sales Tax Permit Number. Specifically request an exemption from "franchise tax." Include the name and daytime phone number of the organization's contact person in case the Texas State Comptroller's Office has any questions.
2. Written statement detailing the nature of the activities conducted or to be conducted.
3. Copy of the bylaws.
4. Copy of the Articles of Incorporation, if the Affiliated Community Organization is incorporated.
5. Copy of the Determination Letter from the IRS granting the Affiliated Community Organization tax-exempt status.
6. Copy of the Affiliated Community Organization's constitution or any applicable trust agreement.

The Texas State Comptroller's Office may require an Affiliated Community Organization to furnish additional information including, but not limited to, documentation showing:

1. All services performed by the organization and
2. All income, assets, and liabilities of the organization.

**Note:** No fee is required to apply for this exemption. In addition, exemption from sales and use tax can be requested within the same letter.

The information should be mailed to:  
Exempt Organizations  
PO Box 13528  
Austin, TX 78711

**IMPORTANT**

Do not use "Texas State Comptroller's Office" in the address above, per their instructions, due to mail routing system. Please use the address as listed above.

**Change in Address**

If the mailing address for the Affiliated Community Organization changes, immediately notify the Texas State Comptroller's Office. Failure to do so may result in important correspondence being lost. To avoid frequent mailing address changes, the Texas State Comptroller's Office recommends that each Affiliated Community Organization obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official Affiliated Community Organization mail. In addition, the post office box address and keys can be transferred easily to the new officers at the beginning of each new year or as applicable. The District's campus mailing address **cannot** be used by the Affiliated Community Organizations. To avoid possible confusion, the Affiliated Community Organization needs to have a separate mailing address to ensure distinction between it and the campus, specifically, for tax purposes. If necessary, shipments can be sent to the campus, but the billing address must be the PO Box.

**Further Questions**

If there are additional questions regarding the information above, please contact:

Texas State Comptroller's Office

Houston Office: 713-426-8200  
Austin Office: 1-800-252-5555  
WebFile Help: 1-800-531-5441

Texas State Comptroller's Office: [www.window.state.tx.us](http://www.window.state.tx.us)  
Sales Tax Information: [www.window.state.tx.us/taxinfo/salestax.html](http://www.window.state.tx.us/taxinfo/salestax.html)

**Federal Regulatory Information**

This section has been prepared to provide general, non-specific or all-inclusive, information to Affiliated Community Organizations regarding federal tax regulations. Steps have been

documented to aid an Affiliated Community Organization in abiding by the regulations; however, these steps are only general guidelines and do not ensure that an Affiliated Community Organization will remain in compliance with all federal tax regulations.

Each Affiliated Community Organization should strive to remain in good standing with all federal agencies, including the Internal Revenue Service (IRS). Therefore, each Affiliated Community Organization is responsible for obtaining its own competent independent counsel on accounting and tax matters related to its specific circumstances. This counsel may include a Certified Public Accountant (CPA) or an attorney. The cost of these services would be the Affiliated Community Organization's responsibility.

Affiliated Community Organization officers are solely responsible for ensuring that their Affiliated Community Organization is in compliance with all federal regulations. Therefore, the District, including any District employee, is not responsible for an Affiliated Community Organization not being in good standing with all federal agencies. However, the District has provided the following information that includes detailed steps Affiliated Community Organizations should take to comply with federal tax regulations.

#### **Obtaining an Employer Identification Number**

The IRS requires that all organizations obtain a unique Employer Identification Number (EIN) for identifying itself as a unique entity. The IRS prohibits Affiliated Community Organizations from using their central organization's EIN; therefore, Affiliated Community Organizations should not use the District's EIN.

#### **IMPORTANT**

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. "Nonprofit" is a state law concept and is not recognized by the IRS.

Affiliated Community Organizations may obtain an EIN by:

- Completing IRS Form SS-4 (Application for Employer Identification Number)
- The online application can be located at:  
<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

**Note: No fee is required for obtaining an EIN.**

After receiving the Affiliated Community Organization's EIN, the Affiliated Community Organization may use it to then open a bank account and obtain a State Sales Tax Permit. **Affiliated Community 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 Affiliated Community Organization's and campus's permanent records from year to year.



### **Why Do I Want to Be Tax-Exempt?**

The IRS Tax Code provides for special treatment of certain organizations identified as "tax-exempt." Some benefits to becoming tax-exempt as a public 501(c)(3) organizations include:

1. Taxes are not paid to the IRS for revenues raised, and
2. Contributions to certain tax-exempt organizations [501(c)(3)] are tax-deductible by the contributor.

However, the following are restrictions placed on tax-exempt organizations that Affiliated Community Organizations must follow to receive tax-exempt status and to retain that status:

- Tax-exempt organizations must benefit a group as a whole instead of benefiting individual members of a group. Since Affiliated Community Organizations usually assist student groups, all members of the student group sponsored are to be treated equally and receive the same opportunity to benefit from the Affiliated Community Organization's assistance. Therefore, one student cannot receive a greater benefit than another unless the criteria for financial need discussed below is met.

In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that a group or organization may establish criteria that could be used to determine if a person is in financial need. If the criteria are met, the group or organization could provide the necessary funds to allow the individual to participate. The criteria should be established in writing prior to a particular situation arising. In addition, the criteria should be used consistently for all people, and the criteria should not change every year.

- Tax-exempt Affiliated Community Organizations cannot use individual accounts. "Individual accounts" is defined as those accounts used by an Affiliated Community Organization to credit an individual with revenues raised. The purpose of a tax-exempt organization is to benefit an entity as a whole instead of benefiting individuals.
- The use of individual accounts could result in denial of the application for tax-exempt status by the IRS or the loss of existing tax-exempt status. In addition, the individual benefits received by people would result in taxable income to them.

Please note that individual accounts do not refer to bank accounts.

- Tax-exempt organizations cannot require a person to participate in fund-raising activities. Normally, Affiliated Community Organizations fundraise for a student group through the efforts of the Affiliated Community Organization members; however, sometimes the students of the group being assisted, participate in the fund-raising activities. Furthermore, members of the student group who do not participate in fund-raising activities would receive the same opportunity to benefit as those members of the student group who participated.

- Tax-exempt organizations cannot require that a certain dollar amount be raised or sold per person. For example, an Affiliated Community Organization cannot require that each Affiliated Community Organization member or student of the assisted group sell \$20 worth of candy or sell 10 candy bars in a fund-raiser.

The following is an illustration of the above concepts:

*A dance team is attending a summer dance camp that costs \$2,000 for its 10 members (\$200 each). The Dance Team Booster Club decides to have a catalog fund-raiser to help defray some of the cost of the summer dance camp. The catalog sale generates a total of \$200 of revenue. Of the 10 total members of the dance team, only 2 participate in the catalog sale that generates the \$200, which is deposited into the Dance Team Booster Club's bank account.*

*Since revenues from the catalog sale were to be used to defray some of the dance camp expense, the tax-exempt Dance Team Booster Club must give all 10 dance team members an equal opportunity to benefit from the catalog sale, even though only 2 members participated. This means that each member's cost would be reduced by \$20 (\$200 / 10 members). Therefore, each member's cost for attending the summer camp would be \$180 (\$200 cost - \$20 fund-raiser benefit).*

### **Why Do I Want to be a Public 501(c)(3)?**

When applying for tax-exempt status with the IRS, Affiliated Community Organizations should apply for the public 501(c)(3) tax-exemption. This type of exemption means that the organization is tax-exempt; the majority of its income is from the public; and all donations, subject to certain individual restrictions, are deductible on the contributor's tax return. In addition, 501(c)(3) organizations are eligible for state tax benefits (see the [State Regulatory Information](#)) and reduced postal rates.

The IRS has several other tax-exempt categories; however, the 501(c)(3) status is the ONLY category that allows any donations to be deductible on the contributor's tax return. All other categories allow for tax-exemption, but do not allow for deductible donations under any circumstances.

With a 501(c)(3) tax-exempt status, an organization may be public or private. A private 501(c)(3) organization has additional requirements and constraints that a public 501(c)(3) organization does not have.

Therefore, all Affiliated Community Organizations should apply for tax-exempt status as a public 501(c)(3) organization.

### **Becoming a Public 501(c)(3) Tax-Exempt Organization**

Tax-exempt status is not automatic once an EIN has been issued; organizations must apply for tax-exempt status. According to the IRS, an organization is either a taxable organization or a tax-exempt organization. Furthermore, organizations may not represent themselves as tax-exempt until they have obtained notification from the IRS stating they are a tax-exempt entity.

According to Board Policy [GE\(Local\)](#), all Affiliated Community Organizations should seek tax-exempt status with the IRS as a public 501(c)(3) organization. The Affiliated Community Organization officers should take the necessary steps to ensure they follow the regulations regarding that type of entity.

#### Applying for Public 501(c)(3) Tax-Exempt Status

1. Complete [IRS Form 1023-EZ](#) (Application for Recognition of Exemption) seeking tax-exempt status as a public 501(c)(3) organization.
2. Complete [IRS Form 8718](#) (User Fee for Tax-Exempt Organization Determination Letter Request) and pay the required fee of \$600.
3. Mail IRS Form 1023-EZ, Form 8718, and a check for the filing fee to:
  - a. Internal Revenue Service, PO Box 12192, Covington, KY 41012-0192

[Revenue Procedure 2018-5](#), changed the user fees for applications for recognition of tax-exempt status that are filed with Form 8718. Until a revised version of Form 8718 reflecting the new application user fee structure is released, filers should file Form 8718 with the appropriate payment attached for the following user fees.

If applying for recognition of exemption under section 501 or under section 521 from organizations other than pension, profit sharing, and stock bonus plans described in Internal Revenue Code section 401, the user fee is \$600.

If applying for group exemption letters, the user fee is \$2,000.

Annual gross receipts: The total amount of revenue collected by an organization during its reporting year from any source. Sources may include, but are not limited to, membership fees, donations, fund-raising revenues, amounts collected for the payment of expenses (e.g., uniforms, trips), and any other amounts received.

To determine annual gross receipts:

- Add all deposits made to the Affiliated Community Organization's bank account(s),
- Add cash on hand that was not deposited by the end of its reporting year,
- Less transfers from one bank account to another, and
- Add expenses paid with money collected that was not deposited in the Affiliated Community Organization's bank account(s).

When completing the IRS Package 1023-EZ, Affiliated Community Organizations will establish their fiscal year-end (also known as the accounting period year-end or official year-end). Once this date is established, the IRS does not easily allow an organization to change it. Changes are usually only allowed for extreme circumstances. The date established will determine when the Affiliated Community Organization must file their informational return (Form 990) to the IRS. The return is due 4 ½ months after the end of a fiscal year (the 15th day of the 5th month after the organization's accounting period ends).

The current officers can prepare the annual Financial Report, and have it audited before the new school year begins.

The IRS approval process for tax-exempt status usually takes several months.

The IRS will send the organization an Acknowledgement of Your Request letter that indicates the Affiliated Community Organization's application and fee were received and are being processed.

Upon approval by the IRS of the tax-exempt status, the organization will receive a Determination Letter stating that the organization is considered to be tax-exempt as of a certain date. Only then can the organization represent itself as a federally tax-exempt organization.

Likewise, donations to the organization are only deductible on the contributor's tax return as of the effective date on the Determination Letter received by the Affiliated Community Organization 501(c)(3) tax-exempt status and within set guidelines that apply to 501(c)(3) organizations.

If the Affiliated Community Organization does not obtain the appropriate qualifying status, advertisements should clearly state that donations to the organization are "not tax-deductible" so that a contributor is not misled and does not incur penalties levied by the IRS for taking the deduction erroneously.

If the IRS does not grant tax-exempt status, the organization will receive a Letter of Denial stating the organization is not considered tax-exempt.

Send a copy of the Acknowledgement of Your Request and a copy of the Determination Letter to the LCISD Executive Director of Student Programs when each is received.

### **Obtaining Tax-Exemption through National Affiliation**

Some organizations may become affiliated with a national organization that has already received tax-exempt status as a public 501(c)(3) organization from the IRS (e.g., PTAs). The national organization may have a Group Exemption Number (GEN) assigned to it by the IRS. The GEN may be used by local affiliates to avoid having to file their own Form 1023-EZ.

Each local affiliate, however, must obtain an Employer Identification Number (EIN).

### **Elimination of the Advance Ruling Process**

On September 9, 2008, the IRS issued [temporary Income Tax Regulations](#), which eliminate the advance ruling process for a section 501(c)(3) organization. Under the new regulations, a new 501(c)(3) organization will be classified as a [publicly supported charity](#), and not a private foundation, if it can show that it reasonably can be expected to be publicly supported when it applies for tax-exempt status.

Under the old regulations, an organization that wanted to be recognized by the IRS as a publicly supported charity instead of a private foundation had to go through an extended two-step process. First, the organization had to declare that it expected to be publicly supported on an on-going basis. Then, after five years, it had to file [Form 8734](#), Support Schedule for Advance Ruling Period, showing the IRS that it actually met the public support test. If it didn't meet the test, it was designated a tax-exempt private foundation and would be [subject to stricter rules](#).

The new rules no longer require the organization to file Form 8734 after completing its first five tax years. Moreover, the organization retains its public charity status for its first five years regardless of the public support actually received during that time. Instead, beginning with the organization's sixth taxable year, it must establish that it meets the public support test by showing that it is publicly supported on its [Schedule A to Form 990](#), Return of Organization Exempt Form Income Tax. [Transition rules](#) apply to organizations that have previously received advance rulings.

### **Filing Requirements for Tax-Exempt Organizations**

The IRS requires that either [Form 990](#) (Return of Organization Exempt from Income Tax) or [Form 990-EZ](#) (Short Form of Return of Organization Exempt from Income Tax) be filed annually for public organizations recognized as tax-exempt with gross receipts of more than \$50,000. (See definition of "[annual gross receipts](#)".)

### **Contact the IRS at 1-800-829-3676 to order forms.**

The return is due by the 15th day of the 5th month after the accounting period ends (due 4½ months after the Affiliated Community Organization's official fiscal year-end). Please refer to the organization's Determination Letter for confirmation of the Affiliated Community Organization's accounting period year-end. Most small, tax-exempt organizations whose annual gross receipts are normally \$50,000 or less, are required to electronically submit Form 990-N (see the [IRS Form 990-N Electronic Filing System \(e-Postcard\) User Guide](#)), also known as the e-Postcard, unless they choose to file a complete [Form 990](#) or [Form 990-EZ](#) instead. See [www.irs.gov](http://www.irs.gov) for filing deadlines.

>> Affiliated Community Organizations must use Form 990-EZ (or 990) 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.

>> Affiliated Community 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.

Failure to file for three consecutive years will result in the organization's loss of 501(c)(3) status.

### **Taxable Organizations**

If an Affiliated Community Organization has not obtained tax-exempt status from the IRS, that Affiliated Community Organization is a taxable entity. Taxable organizations operate under different guidelines than tax-exempt organizations and are required to submit Form 1120 (U.S. Corporation Tax Return) annually. Form 1120 must be filed each year no matter the amount of the gross receipts.

Since the District Affiliated Community Organizations should be public 501(c)(3) organizations, the IRS guidelines concerning taxable organizations are not included in this Guide. Taxable organizations should obtain their own competent independent counsel, such as a CPA, on

accounting and tax matters related to their specific circumstances. The cost of the counsel would be the Affiliated Community Organization's responsibility.

### **Further Questions**

If there are additional questions regarding the information discussed above, please contact:

#### Internal Revenue Service:

Main Number	1-800-829-1040
Tax-Exempt Organizations	1-877-829-5500
Tax Forms & Publications	1-800-829-3676

#### Websites:

IRS Home Page	<a href="http://www.irs.gov">www.irs.gov</a>
Tax-Exempt Information	<a href="https://www.irs.gov/charities-non-profits">https://www.irs.gov/charities-non-profits</a>
Tax Forms & Publications	<a href="http://www.irs.gov/formspubs/index.html">www.irs.gov/formspubs/index.html</a>

### **Taking Care of Business Overview**

Affiliated Community Organizations have many responsibilities to the federal government, the state, the District, and to the students they support. Part of this responsibility is to keep accurate and updated records so that the organization may complete the necessary filing requirements with the state and the IRS. In addition, these records will help the Affiliated Community Organization prepare its annual Financial Report and Review Committee Report due to the Campus Principal and the LCISD Executive Director of Student Programs by September 1, of each year.

With this in mind, this section has been prepared to assist the Affiliated Community Organization in establishing a general recordkeeping system, a general system of internal controls, and to guide the Affiliated Community Organization in preparing the Financial Report and related Review Committee Report. Establishing a good record-keeping system is an essential step in creating a successful organization.

Most of the reporting requirements of an Affiliated Community Organization are dependent on the financial records kept; therefore, the office of Treasurer is an extremely important and vital position that should not be taken lightly. Even though the Treasurer may assign certain duties to another person (i.e., Fund-raiser Chairperson – Catalog Sales), the Treasurer is ultimately responsible for assuring that all financial records are maintained accurately for the Affiliated Community Organization.

Affiliated Community Organization officers also have day-to-day responsibilities to the organization, as well as the students they support. Some of these responsibilities include:

- Setting up a bank account properly,
- Accounting properly for fund-raiser income and expenses,
- Analyzing the outcome of each fund-raiser to determine its financial success/failure,
- Establishing and maintaining money handling procedures, and
- Becoming knowledgeable of District policies concerning of Affiliated Community Organizations.

In addition, Affiliated Community Organizations should submit certain information to the Campus Principal and the LCISD Executive Director of Student Programs as soon as the information changes.

**Affiliated Community Organization Tax-Exempt Status Form**  
\_\_\_\_\_ **School Year**

*For blank form, please [click here](#).*

**Send an updated copy of this form to the Campus Principal and the LCISD Executive Director of Student Programs by September 1 of each year or as information changes.**

Federal Tax-Exempt Status:

- Determination Letter from IRS granting 501(c)(3) status is already on file with the Affiliated Community Organization, the LCISD Executive Director of Student Programs, and the Campus Principal.
- Received Determination Letter from IRS granting 501(c)(3) status. (Include a copy of the Determination Letter with this form.)
- Received Acknowledgement of Your Request from IRS stating approval in progress. (Include a copy of the Acknowledgement of Your Request with this form.)
- Mailed completed Form 1023-EZ & payment to IRS on \_\_\_\_\_ but have not received any documentation from them yet.
- Currently completing Form 1023-EZ and will mail to IRS by \_\_\_\_\_.  
Contact person for further information on status is:

Printed Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

- Have not started the federal tax-exempt process.

Submitted by:

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Office Held

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**Affiliated Community Organization Information Form**

*For blank form, please [click here](#).*

**Send an updated copy of this form to the Campus Principal and the LCISD Executive Director of Student Programs by September 1 of each year or as information changes.**

1. Official Affiliated Community Organization Name:

\_\_\_\_\_

2. Campus Name: \_\_\_\_\_

3. Employer Identification Number (EIN): \_\_\_\_\_

4. Official Mailing Address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Date of Change: \_\_\_/\_\_\_/\_\_\_

6. Current Affiliated Community Organization Officers for the \_\_\_\_\_ School Year:

Office Held:		
Printed Name:		
Mailing Address:		
Phone Number	Home:	Work:
Email Address:		

Office Held:	
Printed Name:	

Mailing Address:		
Phone Number	Home:	Work:
Email Address:		

Office Held:		
Printed Name:		
Mailing Address:		
Phone Number	Home:	Work:
Email Address:		

Office Held:		
Printed Name:		
Mailing Address:		
Phone Number	Home:	Work:
Email Address:		

Office Held:		
Printed Name:		
Mailing Address:		
Phone Number	Home:	Work:
Email Address:		

Office Held:		
Printed Name:		
Mailing Address:		
Phone Number	Home:	Work:
Email Address:		

Office Held:		
Printed Name:		
Mailing Address:		
Phone Number	Home:	Work:
Email Address:		

**\*By law, information on this page is public information and must be released to the public at such request. \***

### Financial Report Information

Each year Affiliated Community Organizations are required to submit a written report of actual revenues and expenditures ([Financial Report](#)) for that school year to the Campus Principal by July 15, of the following year.

The Treasurer of the Affiliated Community Organization should prepare the Financial Report and should ensure that the Financial Report includes:

- Campus name, name of Affiliated Community Organization, and the time period covered in the report.
- Actual revenues and expenditures for the applicable school year. The current year report should start on August 1<sup>st</sup> and go through June 30<sup>th</sup>.
- Name, title, and signature of person who prepared the report.
- Date the report was prepared.

The Affiliated Community Organization may want the time period used for reporting purposes to coincide with the election of new officers. If new officers normally come into office in May, of each year, the time period for the Financial Report may be from May 1, to April 30, of the following year.

The following examples of Financial Reports are included in this handbook:

- **Type 1** – This example is a cash basis financial report that includes the beginning and ending cash balances for the year. Money received is usually shown as income and money paid is usually shown as an expense.
  - The beginning cash balance for the current year should agree to the ending cash balance from the prior year.
  - Type 1 report format is the simplest to prepare.
- **Type 2** – This example is an accrual basis financial report that includes assets, liabilities, equity, income, and expenses. This report would include cash transactions but would also show amounts to be received or amounts to be paid in which money has not yet been exchanged, prepayments of expenses that have not yet been incurred, or receipt of amounts in which income is not yet recognized.
  - The retained earnings amount should agree to the total equity amount from the prior year.

**XYZ High School Spirit Booster Club  
CASH BASIS FINANCIAL REPORT  
From August 1 through June 30, 2019  
SAMPLE – For blank form, please [click here](#).**

Beginning Cash Balance as of Aug. 1, 2018 \$5,235.46

**INCOME**

Concession Stand Sales	\$3,569.50	
Fall Dance	\$2,875.00	
Membership Dues (225 members)	\$5,625.00	
Program Ad Sales	\$9,502.25	
Uniform Income (212 new uniforms ordered)	<u>\$9,540.00</u>	
Total Income		\$31,111.75

**EXPENSES**

Competition Trip Expense	\$8,320.03	
Concession Stand Supplies	\$1,355.77	
Fall Dance Expense	\$2,589.10	
Miscellaneous Supplies	\$ 650.77	
Postage	\$ 236.29	
Program Ad Expenses	\$1,242.88	
Donations made - Cash	\$4,328.00	
Donations made - Property	<u>\$9,540.00</u>	
Total Expenses		<u>\$28,262.84</u>

Net Income (Loss) for Current Year \$2,848.91

**Ending Cash Balance as of June 30, 2019 \$8,084.37**

**Cash Basis Financial Report prepared by:**

_____	_____
Printed Name	Office Held
_____	_____
Signature	Date

**XYZ High School Spirit Booster Club  
BALANCE SHEET & INCOME STATEMENT**

*For blank form, please [click here](#).*

**BALANCE SHEET  
AS OF JUNE 30, 2019  
SAMPLE**

**ASSETS**

BankOne Checking Account	\$2,154.25
BankOne Savings Account	\$5,112.77
Accounts Receivable	\$3,458.00
Prepaid Storage Rent	<u>\$ 300.00</u>

**TOTAL ASSETS**

**\$11,025.02**

**LIABILITIES & EQUITY**

Liabilities

Accounts Payable	\$3,524.75
Deferred Membership Income	\$ 500.00
Scholarship Payable	<u>\$1,000.00</u>

Total Liabilities

\$5,024.75

Equity

Retained Earnings	\$3,151.36
Net Income (Loss) From Current Year	<u>\$2,848.91</u>

Total Equity

\$6,000.27

**TOTAL LIABILITIES & EQUITY**

**\$11,025.02**

*Continue to page 2.*

**XYZ High School Spirit Booster Club  
BALANCE SHEET & INCOME STATEMENT**

*For blank form, please [click here](#).*

**INCOME STATEMENT  
FOR THE PERIOD OF AUGUST 1, 2018 THROUGH JUNE 30, 2019  
SAMPLE**

**INCOME**

Catalog Sales	\$9,129.18	
Donations	\$2,300.00	
Interest Income	\$ 38.00	
Membership Dues (100 members)	\$2,000.00	
Uniform Income (22 new uniforms ordered)	<u>\$ 770.00</u>	
Total Income		\$14,237.18

**EXPENSES**

Banquet	\$1,388.13	
Catalog Sale Expense	\$3,752.68	
Postage	\$ 32.66	
Scholarships	\$2,500.00	
Storage Rental	\$ 600.00	
Donations – Cash	\$ 328.56	
Donations – Property	<u>\$ 770.00</u>	
Total Expenses		<u>\$9,372.03</u>

**Net Income (Loss) For Current Year \$4,865.15**

**Balance Sheet and Income Statement prepared by:**

_____	_____
Printed Name	Office Held
_____	_____
Signature	Date

### **Review Committee Report Information & Formats**

Each Affiliated Community Organization is required to have an organizational committee conduct an annual review of the organization's Financial Report and the related financial activity for the school year. The review committee may be two types: internal or external. An internal review committee includes officers and organization members; however, the committee should have at least one non-officer member review the information. A CPA or other legal counsel may perform an external review at the organization's expense. The organizational review committee, whether internal or external, must prepare a written Review Committee Report that communicates the results of the review to the organization.

#### **IMPORTANT**

- The Treasurer(s) [and Assistant Treasurer(s), if applicable] should not be on the Review Committee. Since they are reviewees, they cannot also be the reviewers. However, they may meet with the committee or external reviewers to explain their records or answer questions.
- The Sponsor, Sponsor's spouse, or Officer's spouse cannot be the designated "non-officer" member of the Review Committee. They may be part of the Review Committee; however, they would not be considered non-officers for the purpose of the review.

An Internal Review Committee should use the examples of Review Committee Reports included on the next few pages. However, an external party should show the results of the review in their own report format with their signature and date included. Although the examples included show space for four (4) members, the organization may have more or fewer committee members. However, the same information must be documented for each committee member (as opposed to the group as a whole), regardless of the size of the committee.

The Affiliated Community Organization Review Committee Report examples include:

- **Option A** - Review was performed with no exceptions noted; therefore, the Financial Report appears proper and correct.
- **Option B** - Review was performed with immaterial exception(s) being noted. The Financial Report was either corrected or exceptions did not have a material effect. Except for these minor exceptions, the Financial Report appears proper and correct.
- **Option C** - Review was performed with material exception(s) being noted. Because of the material exception(s), the Financial Report is not proper and correct.

In some instances, due to material exception(s), the committee may not be able to determine whether the Financial Report is proper and correct. When this situation occurs, the committee may state that the status of the Financial Report could not be determined because of material exception(s).

**The Review Committee Report along with the Financial Report should be submitted to the Campus Principal and to the LCISD Executive Director of Student Programs by September 1 of each year.**



### **Suggested Review Committee Guidelines**

The following suggested guidelines are designed to assist the Affiliated Community Organization Review Committee in conducting a thorough review of the Affiliated Community Organization's Financial Report and the financial activity for the applicable school year.

- Have the Treasurer prepare the written report of revenues and expenditures (Financial Report) for your Affiliated Community Organization. The report should include information for the full applicable year.
- The review must cover the period beginning with the reconciled cash balance from the previous written Financial Report and ending with the reconciled cash balance from the last day of the time period reported by the Affiliated Community Organization. If the organization is using a retained earnings account, then the beginning retained earnings should equal the prior year's ending retained earnings balance plus/(minus) net income/(loss).
- Review the reconciled bank statements and canceled checks to determine that:
  1. Disbursements have been properly documented with an invoice or receipt,
  2. Disbursements have been properly approved,
  3. Checks have been properly signed,
  4. Checks have been deposited or cashed by the payee indicated and that no information on the face of the check has been altered, and
  5. Checks have been accounted for in the proper sequence (no missing checks).
- Check addition and subtraction on cash receipts and deposits.
- Compare cash receipts and deposits to the bank statement.
- Verify that receipts and disbursements were recorded to the correct account category.
- Review the Treasurer's monthly reports and check them for accuracy. Review the beginning and ending balances on reports to verify that correct ending balances were carried forward as beginning balances on subsequent reports.
- Determine that only applicable Affiliated Community Organization officers are authorized signers on the bank account(s). Former officers should not remain on the account(s) as authorized signers.
- Determine that the coaches and directors of UIL academics, athletics, and performing and visual arts were not given more than \$500 in money, product(s), or service(s) in recognition for coaching, directing, or sponsoring UIL activities during a calendar year.
- Obtain proof that all applicable sales tax reports were submitted to the Texas State Comptroller's Office and that the related taxes were paid.

- Determine which two fund-raisers were chosen to be the “one-day, tax-free” sales/auctions, if applicable. Only Affiliated Community Organizations that have received a limited exemption from the Texas State Comptroller’s Office are allowed two (2) “one-day, tax-free” sales/auctions per calendar year.
- Review the tax-exempt status of the Affiliated Community Organization to determine that the organization has received and maintained its federal tax-exempt status as a public 501(c)(3) charitable organization or other tax-exempt status deemed by the IRS.
- Determine that either
  - (1) Form 990-N, Form 990, or 990-EZ has been filed properly with the IRS for the prior school year if the organization is a tax-exempt charitable organization, or
  - (2) Form 1120 has been filed properly with the IRS for the prior school year if the organization is not tax-exempt.
- Determine that a tax-exempt Affiliated Community Organization has not used individual accounts, which credit funds raised to individual students or parents.
- Verify that 1099s were issued, if applicable. In general, the Affiliated Community Organization may have to issue a 1099- NEC (Nonemployee Compensation) - MISC for each person to whom the Affiliated Community Organization has paid at least \$600 in rentals, services, prizes & awards, attorney fees, and other similar situations within a calendar year.

**Example:** *High-Kick Drill Team Booster Club hires a consultant during the Spring of the 2021-22 school year for a \$300 fee. The consultant is hired again in the Fall of 2021-22 for a \$300 fee. The Affiliated Community Organization should issue a 1099-NEC form to this person since the total paid within the 2020 calendar year is \$600.*

After the review is complete, prepare the applicable Review Committee Report (**only one** report type may be used per review):

Option A	No Exceptions	Financial Report appears proper and correct.
Option B	Immaterial Exceptions	Financial Report appears proper and correct, except for some immaterial exceptions.
Option C	Material Exceptions	Financial Report status cannot be determined because of material exception(s).

- If exceptions are noted during the review, consult with the organization's Treasurer and President (if necessary) to resolve the exception(s). The Treasurer is responsible for making any corrections to the records, checkbook, and Financial Report.

- If material exceptions have been noted, prepare recommendations to prevent the future occurrence of these exceptions.
- The organization's Treasurer and President are responsible for acting upon the recommendations made by the Affiliated Community Organization Review Committee.
- Retain the original written Affiliated Community Organization Financial Report and the original Affiliated Community Organization Review Committee Report on file with the Treasurer of the Affiliated Community Organization.
- Submit one copy of your Affiliated Community Organization Financial Report along with the Review Committee Report to the Campus Principal and another copy of these items to the LCISD Executive Director of Student Programs.

## **Day-to-Day Responsibilities**

So far, the Guide has covered various aspects of the major decisions that Affiliated Community Organizations have to make regarding incorporation, tax-exemption, financial reporting, and other District requirements. Therefore, this section is dedicated to the many day-to-day issues that face an Affiliated Community Organization such as fund-raising, money-handling, and internal controls.

### ***Accounting Procedures***

- Affiliated Community Organizations 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 Affiliated Community Organization's financial records.
- The Affiliated Community Organization books and bank accounts should be reconciled monthly.
- Affiliated Community Organizations may provide support to their student group in two manners:
  - a) Affiliated Community Organization members raise funds for a student group. Funds are deposited into the organization's bank account. The organization writes a check to the campus where the student group is located. The campus 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 campus, once the campus 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 Affiliated Community Organization spends its revenues. Using this method, the Affiliated Community Organization'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 Affiliated Community Organization related to the accounting for the revenues and expenses of the student group.

- b) Affiliated Community Organization members raise funds for a student group. Funds are deposited into the organization's bank account. The organization 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 organization 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 Affiliated Community Organization.

### ***Bank Accounts***

- Affiliated Community Organizations should set up a bank account with the Affiliated Community Organization'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.

**See the Federal Regulatory Information section for further information.**

- No district employee can be an authorized signer for the bank account(s) of Affiliated Community Organizations.
- 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 an Affiliated Community Organization 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.

### ***Building Use***

According to Board Policy [GKD\(Local\)](#), Affiliated Community Organizations should contact the Building Administrator as specified in [GKD\(Local\)](#) to make arrangements to use the school facilities. Affiliated Community Organizations must provide a copy of their Determination Letter to prove their tax-exempt status, proof of insurance of not less than \$100,000, and a roster of personnel, with addresses, in the organization to verify eligibility before approval for use of any school facilities is granted.

### ***Contributions/Donations***

#### a) Received

Affiliated Community Organizations may receive monetary or non-monetary contributions from individuals or businesses. In addition, those Affiliated Community Organizations that have received a Determination Letter from the IRS granting 501(c)(3) tax exemption are allowed to receive tax-deductible contributions in accordance with IRS Regulation 170. To allow the individuals or businesses to deduct these contributions on their tax returns, the Affiliated Community Organization must send them a copy of the Organization's Determination Letter indicating that the Affiliated Community Organization is a 501(c)(3) organization.

If your Affiliated Community Organization is not a 501(c)(3) organization, contributions or donations, with a few exceptions, are not tax-deductible. In addition, the Affiliated Community Organization must inform the individual or business that the contributions or donations are not tax-deductible.

For contributions received, the Affiliated Community Organization may want to send a thank you note along with a copy of the Determination Letter. The thank you note may indicate what was contributed or donated. If the gift is monetary, the Affiliated Community Organization may indicate the dollar amount. If the gift is not monetary, the estimated value should not be included in the thank you note. It is the

responsibility of the individual or business that provided the gift to determine the value that they would report on their tax return.

Even though contributions or donations received will ultimately support the student group at a campus, the gift is still considered to be a gift to the Affiliated Community Organizations and not to the campus or to the District.

b) Quid Pro Quo Contributions Received

According to the IRS, a charitable organization, such as an Affiliated Community Organization that is a 501(c)(3) organization, must provide a written disclosure statement to donors who make a payment, described as a “quid pro quo contribution,” in excess of \$75.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charitable organization. An example of a quid pro quo contribution is where the donor gives an Affiliated Community Organization \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor’s payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

The required written disclosure statement must:

- 1) Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charitable organization, and
- 2) Provide the donor with a good faith estimate of the value of the goods or services that the donor received.

The charitable organization (Affiliated Community Organization) must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

A penalty is imposed on charitable organizations that do not meet the disclosure requirements. For failure to make the required disclosure in connection with a quid pro quo contribution of more than \$75, there is a penalty of \$10 per contribution, not to exceed \$5,000 per fund-raising event or mailing.

For complete details, including exceptions to the disclosure requirement discussed above, please visit the IRS website at the following link:

<http://www.irs.gov/Charities-&-Non-Profits/Substantiating-Charitable-Contributions>

c) Giving

When the Affiliated Community Organization contributes directly to the student group, the organization should receive a Tax-exempt Status/Donation

Acknowledgment Form from either the campus or the District. A District employee should complete the form and give the original copy to the Affiliated Community Organization for their records.

***Example:** Yippee Booster Club is funding a portion of a student group's trip for a competition. The trip costs \$50,000, and the Booster Club has agreed to pay \$35,000 of the expense. Therefore, the students must pay the remaining \$15,000. The \$35,000 that the Booster Club donated is considered a contribution to that particular District student group and should be documented on the Tax-exempt Status/Donation Acknowledgment Form.*

The campus may request that an Affiliated Community Organization provide a list of contributions made to the student group or campus. The Tax-exempt Status/Donation Acknowledgment Form may reference this list; thus, eliminating the need to have a form completed for each contribution. The campuses are required to report contributions received at the end of each school year; therefore, your campus may request the list of contributions from Affiliated Community Organization.

The Tax-exempt Status/Donation Acknowledgment Form should be kept with the Affiliated Community Organization's financial records. The form can be used as substantiation to the IRS that the Affiliated Community Organization is using the funds raised in the manner approved by the IRS as a 501(c)(3) organization. The District tracks contributions received from individuals and entities such as Affiliated Community Organizations. This information may assist the District in receiving a more favorable bond rating and in receiving grants. Public support of the District is very important in these areas.

## Financial Aid Guidelines

Tax-exempt organizations must benefit a group as a whole instead of benefiting individual members of a group. Since Affiliated Community Organizations usually assist student groups, all members of the student group sponsored are to be treated equally and receive the same opportunity to benefit from the Affiliated Community Organization's assistance. Therefore, one student cannot receive a greater benefit than another unless the criteria for financial need discussed below is met.

In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that a group or organization may establish criteria that could be used to determine if a person is in financial need. If the criteria are met, the group or organization could provide the necessary funds to allow the individual to participate. The criteria should be established in writing prior to a particular situation arising. In addition, the criteria should be used consistently for all people, and the criteria should not change every year.

### Child Nutrition

High Schools may not provide access to Foods of Minimal Nutritional Value during meal periods in areas where school meals are served and consumed. Middle Schools and Junior High Schools may not provide access to Foods of Minimal Nutritional Value until after the last lunch period. Elementary Schools may not provide Foods of Minimal Nutritional Value to students at any time during the school day. For more information see the Texas Public School Nutrition Policy:

[https://squaremeals.org/Portals/8/files/ARM/ARM\\_Section22\\_CompFood\\_200812.pdf](https://squaremeals.org/Portals/8/files/ARM/ARM_Section22_CompFood_200812.pdf)

### Fund-Raising

Before any fund-raising activity occurs, Affiliated Community Organizations should decide whether a fund-raiser is an Affiliated Community Organization fund-raiser (money is deposited directly into the Affiliated Community Organization's bank account) or whether it is a school fund-raiser (money is deposited directly into the District's student activity fund account for that student group). If the activity is an Affiliated Community Organization fund-raiser, the Affiliated Community Organization 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.

#### a) IRS Regulations

- The IRS prohibits tax-exempt organizations from requiring people to participate in fund-raisers. Likewise, Affiliated Community Organizations may not require an amount be "donated" in lieu of participating in the fund-raiser. People may choose whether or not to participate in a fund-raiser and may choose whether or not to donate to the Affiliated Community Organization. Furthermore, if a person decides not to participate, that person cannot be excluded from having the opportunity to benefit from the fund-raiser and cannot be penalized for choosing not to participate in the fund-raiser.

Furthermore, benefits given by a tax-exempt organization cannot be based on participation in a fund-raiser or based on revenues raised individually. Therefore,



regardless if a person participates in a fund-raiser and regardless of the amount of revenue raised, that person cannot be denied the opportunity to receive an equal benefit.

**Example:** *High Spirit Booster Club is having a car wash fund-raiser to help reduce the cost of a trip to Florida for a competition. The cost of the trip is \$20,000 for 20 people. Therefore, each person's cost for the trip before the fund-raiser is \$1,000.*

*Of the 20 people participating in the trip, only 10 people participate in the fund-raiser and raise a total of \$600.*

*The \$600 must be split equally among the 20 people going on the trip, even though only 10 people participated in the fund-raiser.*

- The IRS discourages the use of individual accounts by Affiliated Community Organizations. Affiliated Community Organizations must benefit the group as a whole, not its individual members. (*See example above.*)

"Individual accounts" are those accounts used by an Affiliated Community Organization to credit *an individual* with revenues raised. The Affiliated Community Organizations would use these accounts to benefit *the individual* by offsetting *that individual's expenses* with the amount credited to *that individual* from the revenues raised.

#### **b) Analysis of Fund-Raiser**

Affiliated Community Organizations should use the Fund-raising Application to determine the anticipated amount to be raised. **Please coordinate with your Campus Principal or Administrator to have an authorized employee access the following links on behalf of the organization.**

The instructions for the Fund-raiser Application can be found here:

<http://sharepointapps.lcisid.org/FundraisersDashboard>.

The application for a new Fund-raiser can be found here:

<http://sharepointapps.lcisid.org/FundraisersDashboard/Fundraiser/EditFundraiser/2020/806/6234/>

The Affiliated Community Organization has the responsibility to verify with the District the award status of a vendor prior to any service commitments. For an actualized list of Vendors, please click here:

<http://sharepointapps.lcisid.org/FundraisersDashboard/Vendors/VendorList/>

The organization should also perform a profit analysis to determine if the fund-raiser was a success or failure. This type of analysis will help an Affiliated Community Organization decide whether or not to repeat a particular fund-raiser.

## **Affiliated Community Organization Guidelines Regarding Vendor Selection**

Prior to making a purchase Affiliated Community Organizations must ask the following questions:

- *What happens if I don't verify the vendor as being approved?* If you do not verify that the vendor was not awarded a contract via Lamar CISD or an approved Purchasing Cooperative, your selected vendor will not be approved. Verification may be obtained by contacting LCISD Purchasing Department at 832-223-0165 or 832-223-0166.
- *When do I verify?* Verification should take place once you have a list of vendors you want to contact to provide products or service. Before any in-depth conversations concerning the purchase of any product or service, Affiliated Community Organization's must verify vendor award status.
- *Why is verification necessary?* Purchases made on behalf or for Lamar CISD must comply with Texas Education Code [\(TEC\) 44.031](#).

**Example:** *Campus XYZ's Booster Club has contacted a vendor to paint a mural on their campus. This vendor may have been found by using an online search or by a recommendation given to them. They are strictly looking at the lowest price which was quoted.*

The problem with the example referenced above is that the vendor has not been approved and awarded a contract with LCISD or an approved Purchasing Cooperative. This is not an approved purchasing process.

It's important to know that all purchases made by school districts in the state of Texas are governed by Texas Education Code [\(TEC\) 44.031](#) which involves the solicitations of many vendors with the ability to perform the services requested.

LCISD Purchasing has solicited vendors and have a contract in place for these and many other products and services. The bottom line is: Prior to discussing a purchase with any vendor, contact Lamar CISD's Purchasing Department to verify the vendors status.

### **Mailing Address**

If the mailing address for the Affiliated Community Organization 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 Affiliated Community Organization obtain its own post office box (PO Box) or private mailing box (PMB) to be used for official Affiliated Community Organization mail. This address and box keys can be given easily to the new officers at the beginning of the year or as applicable.

Please understand the importance of maintaining a consistent mailing address for the Affiliated Community Organization. First, the Affiliated Community Organization will save time since it

will not have to update its address each year to the District, the Texas Secretary of State, the Texas State Comptroller's Office, the IRS, and the Affiliated Community Organization's bank as would be necessary if someone's home address would be used. The District does not allow the use of campus addresses for Affiliated Community Organizations. To avoid possible confusion, the Affiliated Community Organization needs to have a separate mailing address to ensure distinction between it and the campus. Specifically, for tax purposes. If necessary, shipments can be sent to the campus, but the billing address must be the PO Box.

Second, Affiliated Community Organizations 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. The IRS mails forms and other correspondence to Affiliated Community Organizations periodically.

If these forms are not completed and returned to the IRS within a specific time period, an Affiliated Community Organization 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 change frequently.

### **Membership Dues**

Affiliated Community Organizations may charge dues to their members (the parents); however, parents **do not** have to be members of the Affiliated Community Organization for their child(ren) to participate in the student group that receives benefits from Affiliated Community Organization activities. **Membership dues are separate from the expenses incurred by sponsoring a student group (i.e., trip expense, costume expense).** Membership dues are associated with the parents being part of the Affiliated Community Organization and are in **no way** associated with the expenses related to that parent's child.

### **Money-Handling Procedures**

Money refers to cash, checks, money orders, or cashier's checks. The following are best practices 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,
- 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 Affiliated Community Organization Treasurer to deposit funds daily.
- Receipts should be reconciled with all money turned in and deposited.
- Money received should only be deposited in the Affiliated Community Organization's account(s).
- Deposit slips should be retained and reconciled monthly to the account.

**c) Disbursing Money**

- Require **two** signatures on each check.
- Do **NOT** sign blank checks.

**d) Safeguarding Money**

- Have people that handle money bonded. This may protect against theft, including embezzlement, depending on the type of bond purchased.
- Do not keep any money in an 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 Affiliated Community Organization's books.
- **Issuing checks payable to "Cash" or to the "Sponsor" should be avoided.** The IRS may examine these transactions in more detail than other transactions. If a check must be payable to "Cash" or to the "Sponsor," keep detailed documentation of the expense or use of the funds.

**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".

### **Bingo**

A license must be obtained prior to the bingo occasion. For a one-time bingo event, please go to [www.txbingo.org](http://www.txbingo.org), there is a Non-Annual Temporary License Guide that describes the qualifications, requirements and necessary documentation to apply for a temporary license. The only organizations that are able to obtain this license are: A Religious Society; A Fraternal Organization; A Veteran Organization; A Volunteer Fire Department; A Volunteer EMS Provider; and A Nonprofit Medical Organization. Thus, Affiliated Community Organizations cannot conduct Bingo for a fundraiser.

For more information, please reference the following guide, located at:  
[http://www.txbingo.org/export/sites/bingo/Documents/Non\\_Ann\\_Temp\\_License\\_Guide\\_GTP.pdf](http://www.txbingo.org/export/sites/bingo/Documents/Non_Ann_Temp_License_Guide_GTP.pdf).

## **Raffles**

The following raffle information was downloaded in March 2021 from the Texas Attorney General's website at <https://www.texasattorneygeneral.gov/cpd/charities-nonprofits-charitable-raffles> and <https://www.texasattorneygeneral.gov/divisions/financial-litigation/charitable-trusts/charitable-raffles-and-casinopoker-nights>.

### ***What is a raffle?***

The Charitable Raffle Enabling Act (CREA) defines raffle as "the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize."

### ***What does the law permit?***

The Charitable Raffle Enabling Act, effective January 1, 1990, permits "qualified organizations" to hold up to two raffles per calendar year, with certain specified restrictions.

### ***What is a "qualified organization"?***

In general, a qualified organization is:

- a) An association organized primarily for religious purposes that has been in existence in Texas for at least 10 years;
- b) A nonprofit volunteer emergency medical service that does not pay its members other than nominal compensation;
- c) A nonprofit volunteer fire department that operates firefighting equipment and does not pay its members other than nominal compensation; or
- d) A nonprofit organization that has existed for at least three preceding years and is exempt from federal income tax under Section 501(c), Internal Revenue Code; does not distribute any of its income to its members, officers or governing body; does not devote a substantial part of its activities to attempting to influence legislation; and does not participate in any political campaign.

### ***What prizes may be offered?***

An organization may offer any prize except money. "Money" is defined as coins, paper currency, or a negotiable instrument that represents and is readily convertible to coins or paper currency. If the raffle organizers offer a prize which they have purchased or have given other consideration for, the value of the prize may not exceed \$50,000 or \$250,000 if the purchased prize is a residential dwelling. There is no value limit on prizes donated to the organization. Texas lottery tickets may be purchased and offered as prizes, even though the tickets' payoff may exceed \$50,000. The organization must have each raffle prize in its possession or must post a bond for the full amount of the value of the prize with the county clerk of the county where the raffle will be held.

***Is an organization required to register with the State before conducting a raffle?***

No.

***What are the restrictions on how the raffle may be conducted?***

- A qualified organization may hold only two raffles per [calendar] year and only one raffle at a time.
- Raffle tickets may not be advertised statewide or through paid advertisements. Each raffle ticket must state the name or address of the organization holding the raffle, the name of an officer of the organization, the price of the ticket, date prize is to be awarded and a general description of each prize to be awarded that has a value of over \$10.
- A prize may not be money.
- Only members of the organization, or student organizations recognized by institutions of higher education selling on behalf of the institution, may sell tickets.
- No one may be compensated directly or indirectly for organizing or conducting a raffle, or for selling raffle tickets. The organization may not permit a non-member or other unauthorized person to sell or offer to sell raffle tickets.

***How may the proceeds from ticket sales be used?***

Proceeds from ticket sales must be used only for the charitable purposes of the organization.

***Are there any penalties for conducting or participating in an unauthorized raffle?***

Yes. Only raffles held according to the terms of the Raffle Enabling Act are authorized raffles. An unauthorized raffle is considered gambling under the Texas Penal Code. Conducting such a raffle is a Class A misdemeanor. Participating in an unauthorized raffle is a Class C misdemeanor.

***What law enforcement authorities may stop an unauthorized raffle?***

A county attorney, district attorney, or the attorney general may bring an action in state court to stop a violation or potential violation of the Charitable Raffle Enabling Act.

***Where can I get more information on the requirements for holding a raffle?***

The law is Chapter 2002, Occupations Code, Texas Codes Annotated. If there are specific questions about the law, the Affiliated Community Organization should consult its attorney.

***Consumer Information***

For more information, call the Attorney General's Consumer Protection Hotline at 1-800-621-0508, or contact your nearest Attorney General regional office.

<b>Location</b>	<b>Phone Number</b>
Austin	512-463-2185
Dallas	214-969-5310
El Paso	915-834-5800

Houston	713-223-5886
McAllen	956-682-4547
San Antonio	210-225-4191

All consumer complaints must be made in writing. Please call or write for a complaint form. Write to:

Office of the Attorney General  
 Consumer Protection Division/010  
 P.O. Box 12548  
 Austin, Texas 78711-2548

Complaint forms and additional information can also be found in the consumer affairs section of the Office of the Attorney General's website, at [www.oag.state.tx.us](http://www.oag.state.tx.us).

### **Scholarships**

Scholarships must be awarded based on a student's need or merit. The members of the committee selecting the scholarship recipients should not be related to any of the potential recipients. There should be a method of ensuring that the scholarship funds are used for their intended purpose by the recipients (for example, the Affiliated Community Organization could give the funds directly to the college or university for the student).

### **Record Retention and IRS Audits**

Affiliated Community Organizations 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:

- Affiliated Community Organization 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-EZ, 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

For non-permanent records, the Texas State Comptroller's Office and the IRS have different retention periods. In addition, certain circumstances, such as fraud or failure to file, 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.

***How far back can the IRS go to audit my return?***

Generally, the IRS can include returns filed within the last three (3) years in an audit. Additional years can be added if a substantial error is identified. Generally, if a substantial error is identified, the IRS will not go back more than the last six (6) years.

The IRS tries to audit tax returns as soon as possible after they are filed. Accordingly, most audits will be of returns filed within the last two years.

If an audit is for an older year, the Affiliated Community Organization may be requested to extend the statute of limitations for assessment of the tax return. The statute of limitations limits the time allowed to assess additional tax. The statute of limitations is generally three (3) years after a return is due or was filed, whichever is later. There is also a statute of limitations for making refunds.

If the audit is not resolved and the statute of limitations date is nearing, the Affiliated Community Organization may be asked to extend the statute of limitations date. This will allow the Affiliated Community Organization additional time to provide further documentation to support the position, request an appeal if the Affiliated Community Organization does not agree with the audit results, or to claim a tax refund or credit. It also allows the IRS time to complete the audit and provides time to process the audit results.

The Affiliated Community Organization does not have to agree to extend the statute of limitations date. However, if the Affiliated Community Organization does not agree, the IRS examiner will be forced to make a determination based upon the information they currently have. Therefore, the examiner may not be able to consider additional adjustments, such as expenses, that could lower the amount of tax due.

More information related to extending a statute of limitations can be obtained in Publication 1035, Extending the Tax Assessment Period, or from the Affiliated Community Organization's auditor.

In considering the requirements of the Texas State Comptroller's Office and the IRS, the record file should contain at least the following items for a minimum of the current year and the four (4) previous years:



## 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 an Affiliated Community Organization 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 or 990-EZ 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 the Affiliated Community Organization would like to discard.

*Public Disclosure and Availability of Exempt Organizations Returns and Applications: Public Disclosure Requirements in General.* Per the IRS, "In general, exempt organizations must make available for public inspection certain annual returns and applications for exemption and must provide copies of such returns and applications to individuals who request them. Copies usually must be provided immediately in the case of in-person requests, and within 30 days in the case of written requests. The tax-exempt organization may charge a reasonable copying fee plus actual postage, if any. The IRS must also make this same information publicly available" (<https://www.irs.gov/charities-non-profits/exempt-organization-public-disclosure-and-availability-requirements> under Requirement 1).

## **Student Fines and Fees List**

Affiliated Community Organizations may have students or parents who do not submit money for fund-raisers or expenses, resulting in amounts owed to the Affiliated Community Organization. Since these amounts relate to Affiliated Community Organization activities, they cannot be placed on the school's Student Fines and Fees List. If an Affiliated Community Organization wishes to pursue recovery of these amounts, they must do so independently from the District and school. **Affiliated Community Organizations cannot use dues or fees that are required by the campus or activity as a source of a fundraiser. All dues or fees that are mandatory for participation must be paid by the parent/guardian, directly to the campus via the Student Activity Fund.**

*Example: High Spirit Booster Club held a catalog fund-raiser and \$400 is still owed to the Booster Club by Trusty Smith, the father of Jane Smith, one of the students in the group they support. Trusty received the merchandise, but never paid for it. The Booster Club may pursue*

*trying to recover the money or merchandise from Trusty. However, they **may not** contact the school to include the \$400 on the school's Student Fines and Fees List as an amount owed by Jane Smith to the school.*

### **Volunteer Hours**

The District values the diversity of volunteer activity in the community, whether it is at home, in the community, or in the classroom. Accounting for such volunteer hours is essential since it impacts issues such as funding, program continuation, and communication. For example, many grants and federally funded programs require an accurate reflection of volunteer hours, and the State of Texas requires public school districts to facilitate parental involvement in their children's education. Therefore, please take a few moments to complete a [Volunteer Hours](#) form reflective of the many hours the Affiliated Community Organization has dedicated to the students.

## Lamar Consolidated ISD Volunteer Guidelines

### *Becoming a Volunteer*

Parents, guardians and grandparents can simply contact the campus of their child/grandchild directly to become a volunteer.

To Register: <https://winoc.lcisd.org/workspace/wSpace.exe?Action=wSpaceRegisterScreen>

To Login: <https://winoc.lcisd.org/workspace/>

### *Volunteer Code of Ethics*

- Dependability: A volunteer shall be responsible for his/her scheduled times and must notify the campus staff immediately if not able to meet this commitment.
- Respect for Authority: A volunteer shall respect the authority of the campus staff and the school administration.
- Confidentiality: A volunteer shall not discuss campus matters or information concerning students outside the classroom with anyone but the designated campus staff. If you need help with a student, discuss the matter professionally with the teacher, counselor, Assistant Campus Principal or Campus Principal.
- Impartiality: A volunteer shall favor no one side or party more than another in all campus situations.
- Objectivity: A volunteer shall not let his/her personal feelings enter into his/her work as a volunteer.
- Appearance: A volunteer shall dress appropriately, always remembering that he/she is setting an example for the students.

### *Guidelines for Working with Students*

These volunteer guidelines are designed to protect students from harm and to prevent even the appearance of impropriety on the part of the individual mentors, volunteers, students, and schools.

### *Meeting with Students*

All meetings and/or activities with students must take place on campus, or as part of a school-sponsored field trip. All activities with a student or students must take place in a room with an open door or on the school grounds in sight of school staff representatives. Off campus contact is strictly prohibited unless under the direct supervision of school officials. Never give a student your home phone number, address, email address, or social media information.

### *Transportation*

Transporting a student in your personal car is prohibited. Students must be transported in a school district vehicle (field trips), in a school official's vehicle, or in a parent or legal guardian's vehicle. Do not put yourself in the position of being alone with any student in any vehicle.

### *Physical Contact*

Physical contact should be limited to holding a hand, giving a soft pat on the back, or sharing a hug in full view of other school officials. Remember that what you see as simple, friendly affection between you and the student may be viewed as something entirely different by someone else.

### ***Confidentiality***

All information you are told about a student is confidential and sharing that information with others may be a violation of the law. Although the student is free to share confidential information with you, there are certain things that you are required by law to tell the Campus Principal. If a student confides that he or she is the victim of sexual, emotional, chemical, or physical abuse, or is considering homicide or suicide, or is involved in any illegal activity, you must notify the student's Campus Principal immediately.

Make a note on your calendar when this information was reported and to whom it was given.

Remember, this information is extremely personal and capable of damaging lives, so do not share it with anyone except the appropriate authorities.

If you have questions, please ask a campus administrator.

## Appendix

### District Board Policy [GE\(LOCAL\) – RELATIONS WITH PARENT ORGANIZATIONS](#)

#### **Parent or Community Organizations**

Parent or community organizations may be formed to promote the school program or to complement a particular student group or activity. Examples of parent or community organizations include PTOs/PTAs, booster clubs, and volunteer groups. A parent or community organization may not represent the District nor bind the District or any of its employees to a third party with whom the organization may conduct business.

#### **Formation**

All parent or community organizations must obtain a unique tax identification number: Employer Identification Number (EIN). Such organizations may not use the District's tax identification number.

All parent or community organizations should:

1. Obtain federal tax-exempt status as a public 501(c)(3) charitable organization by applying for and obtaining a Letter of Determination from the Internal Revenue Service (IRS) that states the organization is tax-exempt from federal taxes.
2. If an organization is new, the organization should apply for and receive its tax-exempt status from the IRS within one year from the date the organization's constitution and bylaws are adopted.
3. If an organization loses its public 501(c)(3) tax-exempt status or if this tax-exempt status expires, the organization should take the necessary steps to regain the tax-exempt status as a public 501(c)(3) organization within one year from the date of notification from the IRS of the loss of exemption or within one year from the tax-exempt expiration date.
4. Submit the organization's EIN and a copy of the IRS's Letter of Determination to the District's Executive Director of Student Programs.

#### **Use of District Facilities**

District-affiliated school-support or booster organizations may use District facilities with prior approval of the appropriate administrator. Other parent groups may use District facilities in accordance with policy [GKD](#).

#### **Fundraising**

District-affiliated school-support organizations and booster organizations, and other parent groups, shall organize, fundraise, or solicit donations, and function in a way that

is consistent with the District's philosophy and objectives, Board policies, District administrative regulations, applicable UIL or other governing association guidelines, and financial and audit regulations. [See also [CDC](#) and [CFC](#)]

Before engaging in fundraising or soliciting gifts, an organization or group shall notify the Campus Principal or other appropriate administrator identified in administrative regulations. [See [CDC\(LOCAL\)](#) for District acceptance of gifts and solicitations]

All community/school-support organization fundraising efforts shall be within federal, state, and District guidelines and shall be for the purpose of supporting the school program or group activity for which the organization was formed. [See [GKB](#)]

According to the IRS, revenues generated from fundraising activities by tax-exempt organizations should benefit the organization, the sponsored student group, or student activity area as a whole, not individuals. Therefore, individual accounts that credit individuals for their fundraising efforts may not be used. All members of the organization, the sponsored student group, or the student activity area must receive an equal opportunity to benefit from the fund-raising activities, regardless of whether or not a person participated in the fundraising activities.

In addition, according to the IRS, tax-exempt organizations may not require people to participate in fundraisers. Benefits given by a parent organization cannot be distributed based on participation in a fundraiser or based on revenues individually generated in a fund-raiser. Therefore, a person cannot be denied the opportunity to receive a benefit because of lack of participation in a fundraiser or because a specified amount of revenue was not raised.

An organization may establish written criteria for giving certain benefits to an individual with a financial hardship. If a student meets the written criteria, the student may then receive a benefit that others do not receive. Such a benefit is an approved exception by the IRS to having all members receive an equal opportunity to benefit from fundraising activities. However, the criteria for financial hardship

should not change to allow a particular individual to meet the criteria. Therefore, the financial hardship criteria should be applied consistently to all recipients, and the criteria must be established prior to a financial hardship situation arising.

In the event that students pay a designated amount to attend a trip, a student who meets the financial hardship criteria may have the full amount of his or her trip paid by the organization.

Careful consideration should be given to limiting the number of major fundraising activities involving students. All such activities require the approval of the designated sponsor(s) and the Campus Principal.

### **Notice of Fundraising Activities**

A parent or community organization desiring to conduct a fundraising activity for a school program shall submit the following information to the designated faculty sponsor on the appropriate District or campus form at least 30 days prior to the event:

1. Purpose of the fundraiser.
2. Type of fundraising activity (i.e., candy sale, carnival, and the like).
3. Date(s), time(s), and place(s) of the activity.
4. Name of sponsoring organization and representative.
5. Name and phone number of the organization's representative.
6. Name and phone number of the person(s) in charge of the fundraiser.
7. Name and phone number of the person(s) who shall be handling the money for the fundraiser.

### **Purchases for the School**

Before parent groups or other groups working with the school purchase equipment for the schools, including computer hardware and software, they shall notify the Campus Principal of their plans. In consultation with the Superintendent or designee, the Campus Principal shall determine the type or brand of equipment to buy to ensure compatibility with current District equipment.

### **Superintendent's Designee**

The Superintendent's designee for overseeing the activities of a parent and community organization is the Campus Principal of the campus where the organization functions. As the responsible District employee, the Campus Principal shall:

1. Approve the formation of the organization.
2. Approve the constitution and bylaws of each organization.
3. Ensure that each organization's sole function is to support the educational activities of the designated program area.
4. Have the authority to disallow the continued association of any school program with a parent or community organization that has been judged by the Campus Principal to be disruptive to the educational activities or goals of the program or group.

### **Liaison**

The designated faculty sponsor of a student activity area shall serve as the liaison, under the supervision of the Campus Principal, between any parent group formed in connection with a student group and the District.

The designated faculty sponsor acting as the liaison shall:

1. Approve all student/school-related activities of such organizations;
2. Work with such organizations to establish approved goals and student-support activities for the respective organizations;
3. Assist in setting the budgets of such organizations and ensuring that expenditures of such organizations are in direct support of the goals of the designated programs;
4. File lists of officers of the respective organizations with the school Campus Principal at the beginning of each school year, and re-vise such lists as officers change during the school year; and
5. File lists of organization activities for the coming year with the Campus Principal at a date established by the Campus Principal. Additional activities should be submitted at least 30 days prior to the event to aid in the development of the master calendar for the school.



## Booster Organizations

School-related booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, and in accordance with UIL guidelines as applicable.

District booster clubs shall:

1. Be voluntary and provide unified support for student activities of the school.
2. Be limited to a single club/organization for each area of student activity (i.e., athletics, band, choir, dance team, and the like).
3. Encourage involvement by all parents of students participating in the supported activity.
4. Use school facilities only with the prior approval of the Campus Principal or designee, in accordance with policy [GKD\(LOCAL\)](#).
5. Not be involved in decision- or policy-making activities for a student group.
6. Have no authority in directing or influencing District employees in the administration of duties.
7. Comply with all UIL guidelines.
8. Comply with administrative regulations and Board policy when offering money/gifts to the District [see [CDC](#)].
9. Submit a copy of current adopted bylaws and operating procedures to the Campus Principal.
10. Prepare a written report of actual revenues and expenditures (financial report) for the school year. The treasurer of the booster club should prepare the financial report.
11. Have an organizational review committee conduct an annual review of the organization's financial report and the related financial activity for the school year and prepare a written report communicating the results of the committee's review to the organization.
12. Submit the annual financial report and the review committee's report to the school Campus Principal and the executive director of Student Programs by September 1 of each year.
13. Pay all taxes and other debts incurred by the organization.
14. Issue receipts for all money received.

**District Employees**

District employees may not serve in a financial capacity for a parent or booster organization. Financial capacity is defined as treasurer, fundraising chair, or check signer.

**Bonfires**

Bonfires shall be prohibited as school-related activities.

**District Board Policy [GKD\(Local\) - NONSCHOOL USE OF SCHOOL FACILITIES](#)**

**Scope of Use**

The District shall permit non-school use of designated District facilities for educational, recreational, civic, or social activities when these activities do not conflict with school use or with this policy.

Approval shall not be granted for any purpose that would damage school property or to any group that is known to have damaged District property or other rented property.

**Note:** See the following policies for other information regarding facilities use:

- Use by employee professional organizations: [DGA](#)
- Use of facilities for school-sponsored and school-related activities: [FM](#)
- Use by non-curriculum-related student groups: [FNAB](#)
- Use by District-affiliated school-support organizations: [GE](#)

**Nonprofit Fundraising**

The District shall permit nonprofit organizations to conduct fundraising events on District property when these activities do not conflict with school use or with this policy.

**For-Profit Use**

The District shall permit individuals or for-profit organizations to use its facilities for financial gain when these activities do not conflict with school use, with this policy, or with the administrative regulation at [GKD](#).

**Campaign-Related Use**

Except to the extent a District facility is used as an official polling place, District facilities shall not be available for use by individuals or groups for political advertising, campaign communications, or electioneering, as those terms are used in state law.

***Scheduling***

Requests for non-school use of District facilities shall be considered in the following order:

1. Academic and extracurricular activities sponsored by the District. [See [FM](#)]
2. School and District support organizations.

3. All other organizations shall be considered on a first-come, first-served basis.

The Superintendent shall have authority to cancel a scheduled non-school use if an unexpected conflict arises with a District activity.

### **Approval of Use**

The Campus Principal is authorized to give initial approval for use of facilities on a school campus. The athletic director is authorized to give initial approval for use of District athletic facilities. The administrator for operations is authorized to give final approval for use of all District facilities.

#### **Exception**

No approval shall be required for non-school-related recreational use of the District's unlocked, outdoor recreational facilities, such as the track, playgrounds, tennis courts, and the like, when the facilities are not in use by the District or for a scheduled non-school purpose.

#### **Emergency Use**

In case of emergencies or disasters, the Superintendent may authorize the use of school facilities by civil defense, health, or emergency service authorities.

### **Facilities Not Available**

New buildings or additions are not available for use until they have been accepted and occupied for school purposes.

### **Use Cafeterias and Kitchens**

Use of cafeterias with kitchens shall require the employed services of a food service employee at an hourly rate.

### **Use of Auditoriums and the Natatorium**

Use of the District's auditoriums may require a light/sound crew as per the fee schedule.

No refreshments shall be allowed in the District's auditoriums. Any organization requesting use of these facilities shall be held responsible.

Use of the Natatorium shall require the employment of water safety personnel as deemed necessary by the District.

## **Use Agreement**

Any organization or individual approved for a non-school use of District facilities shall be required to complete a written agreement indicating receipt and understanding of this policy and any applicable administrative regulations, and acknowledging that the District is not liable for any personal injury or damages to personal property related to the non-school use.

## **Fees for Use**

Non-school users shall be charged a fee for the use of designated facilities.

Rental fees shall be for the period of time the facility is being utilized by the group/organization including set-up and take-down time if there is additional cost to the District.

The Board shall establish and publish a schedule of fees based on the cost of the physical operation of the facilities, as well as any applicable personnel costs for supervision, custodial services, food services, security, and technology services.

### **Exceptions**

Fees shall not be charged for non-school uses when:

- School buildings are used as polling places for public elections, for precinct and county conventions, or for public meetings sponsored by state or local governmental agencies.
- Use is by District employee professional organizations. [See [DGA](#)]
- The primary participants are school-aged children and a student participation fee is not assessed, and the activity is limited to a specific area of the building so that no extra fees for custodial services are required. When extra custodial service is required for such meetings, the District shall collect a fee sufficient to pay the wages of same.

Exemption of rental fees may be approved for other civic and community groups on the basis of similar charges/conditions for similar organizations/purposes.

## ***Security***

The District may require a group/organization to employ supervisory and/or security personnel as deemed necessary by the District.

**Release of Liability**

Organizations or individuals using school facilities shall release the District from liability for personal injury and/or damages to personal property.

**Required Conduct**

Persons or groups using school facilities shall:

- Designate one adult member of the group to be in charge of and responsible for the program or activity.
- Conduct business in an orderly manner.
- Abide by all laws and policies, including but not limited to those prohibiting the use, sale, or possession of alcoholic beverages, illegal drugs, and firearms, and the use of tobacco products on school property. [See [GKA](#)]
- Make no alteration, temporary or permanent, to school property without prior written consent from the Superintendent.

All groups using school facilities shall be responsible for the cost of repairing any damages incurred during use and shall be required to indemnify the District for the cost of any such repairs.

**Notice of Non-Discrimination**

Lamar Consolidated Independent School District does not discriminate on the basis of race, religion, color, national origin, sex, or disability in providing education services, activities and programs, including vocational programs in accordance with Title VI of the Civil Rights Act of 1964, as amended; Title IX of the Education Amendments of 1972; and Section 504 of the Rehabilitation Act of 1973, as amended.

**Policy**

[Lamar CISD Board Policy: CDC\(Local\)](#) – Other Revenues: Gifts & Solicitations

[Lamar CISD Board Policy: GKD\(Local\)](#) – Community Relations: Non-School Use of School Facilities

[Lamar CISD Board Policy: GE\(Local\)](#) – Relations with Parent Organizations

[Lamar CISD Board Policy: CFC\(Legal\)](#) – Accounting: Audits

[University Interscholastic League \(UIL\) Booster Club Guidelines](#)

[Lamar CISD Logo Use Request Form](#)

### **Lamar CISD Affiliated Community Organizations Suggested Annual Financial Review**

The following suggested audit guidelines are in place to assure that all income and expenditures are accounted for and consistent with the budget and goals of the organization. The audit should cover the period beginning with the Reconciled Cash Balance from the previous audit.

- Review the reconciled bank statements and all cancelled checks to determine the following:
  - Have all disbursements been properly documented with an invoice or receipt?
  - Have all disbursements been properly approved?
  - Have all checks been properly signed (2 signatures of individuals with check-signing authority)?
  - Have all checks been deposited or cashed by the payee indicated and that no information on the face of the check has been altered?
  - Have all checks been accounted for in the proper sequence (no missing checks)?
  - Have any checks issued during the audit period been voided? If so, ensure that they have been retained in the records and 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).
  - Note any exceptions.
  
- Review the bank reconciliations to determine the following:
  - Do the ending balances on the bank reconciliations tie to bank statements, outstanding check lists, and other reconciling items?
  - Are the ending balances of the bank reconciliations properly carried forward as the beginning balances on subsequent reconciliations?
  - Were the bank reconciliations completed within 30 days of the bank statement ending date?
  - Were any outstanding or reconciling items on the reconciliations cleared the following month?
  - Note any exceptions.
  
- Compare cash receipts and deposits to the bank statement to determine the following:
  - Is the addition and subtraction on cash receipts and deposits correct?
  - Trace deposits to the collection documentation, prepared cash receipts, and the bank statements for agreement. Are there any discrepancies?
  - Were receipts presented for deposit in a timely manner? Confirm by reviewing the dates of prepared cash receipts with the date of deposit on the bank statement.
  - Note any exceptions.
  
- Review disbursements issued during the audit period to determine the following:
  - Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or other reasonable explanations. Are the disbursements appropriate?
  - Are disbursements aligned with the documentation presented in the meeting minutes and/or the budget approved by the membership?

- For bank withdrawals, for the purpose of establishing a change fund for an event, was the change fund later re-deposited?
  - 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. Are there any discrepancies?
  - Were fundraiser applications prepared and submitted to the Campus Principal for each fundraiser?
  - Note any exceptions.
- Review remaining check stock to determine the following:
    - Are all checks remaining in check stock present and sequential?
    - Is the check number for the last check issued and first check available in check stock sequential?
    - Is the check stock retained in a secure place when not in use?
    - Note any exceptions.
- Determine that only applicable Affiliated Community Organization officers are authorized signers on bank account(s). Former officers should not remain on the account(s) as authorized signers. In addition, the faculty sponsor shall not be an authorized signer on the account(s).
    - Note any exceptions.
- Determine whether a procedure is in place for an Affiliated Community Organization member, other than those that have check signing ability, to obtain and view the bank statement(s) and review for reasonableness.
    - Note any exceptions.
- Obtain proof that all applicable sales taxes were paid.
    - Note any exceptions.
- Obtain proof that required IRS forms were completed and filed (Form 990).
    - Note any exceptions
- Verify that 1099s were issued, if applicable.
    - Note any exceptions.
- Verify that sales tax reports were prepared and filed timely.
    - Note any exceptions.

When the audit is completed, draw a line after the last checkbook entry and ledger entry audited. Sign and date the line. If exceptions are noted during the audit (including errors or irregularities), consult with the organization's Treasurer and President to resolve the exception(s). The Treasurer is responsible for making any corrections to the ledger or checkbook.

Additionally, if exceptions are noted, prepare an Exception Report to submit with the Affiliated Community Organization's Annual Financial Review Report. The Exception Report should detail the following:

- Exceptions noted
- Steps taken to remedy the exceptions
- Recommendations made to prevent further occurrence of exceptions noted

The organization's Treasurer and President are responsible for acting upon the recommendations made by the Annual Financial Review Committee. A copy of the completed Annual Financial Review Report should be provided to the Campus Principal. An example Annual Financial Review Report is provided on the following page.



**Affiliated Committee Organization Name:** \_\_\_\_\_

**Annual Financial Review Report**

*For blank form, please [click here](#).*

Fiscal Year Ending: \_\_\_\_\_

Beginning Cash Balance (as of \_\_\_\_\_) (A) \_\_\_\_\_

Receipts During Period (B) \_\_\_\_\_

Total Cash Available (C) = A + B \_\_\_\_\_

Disbursements During Period (D) \_\_\_\_\_

Ending Cash Balance (E) = C - D \_\_\_\_\_

Bank Statement Balance (F) \_\_\_\_\_

Checks Outstanding (list below) (G) \_\_\_\_\_

Reconciled Cash Balance (H) = F - G \_\_\_\_\_

Checkbook Balance (as of \_\_\_\_\_ FY end) (I) \_\_\_\_\_

Any Discrepancy? (H) vs. (I) \_\_\_\_\_

**Affiliated Committee Organization Name:** \_\_\_\_\_

**Annual Financial Review Report**

Reviewer Statement: To the best of my ability, I have examined the books of the Treasurer and have found that the Reconciled Cash Balance presented above is correct and that all receipts and disbursements during the period were in accordance with the organization's mission.

A separate Exceptions Report noted during the review is attached. Please check:  Yes or  No

Reviewer: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewer: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewer: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewer: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewer: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_\_\_\_

## **Lamar Consolidated Affiliated Community Organizations Record Keeping Practices**

When forming a new Affiliated Community Organization, submit a request to the Campus Principal for approval.

The proper collection, reporting, disbursement, and safeguarding of all money and other Affiliated Community Organization assets rests solely with each Affiliated Community Organization's office, jointly and severally, not with the school district or with any of the District's employees. The Campus Principal may act in an advisory capacity only. No Campus Principal or teacher/coach should be a signatory on a private sponsored organization's bank account.

An Affiliated Community Organization does not have the authority to commit or to represent in any way the Lamar Consolidated Independent School District or any of its campus locations. An Affiliated Community Organization is responsible for any obligation incurred by the Affiliated Community Organization whether the commitment is financial or otherwise. The school district is not liable or responsible for any contracts or expenditures made by an Affiliated Community Organization. **We strongly encourage any Affiliated Community Organization to obtain legal assistance before authorizing or signing any agreement or contract in the Affiliated Community Organization's name.**

Minutes of all Affiliated Community Organization meetings should be kept in writing in the permanent records of the organization.

Affiliated Community Organizations should seek competent tax and legal advice on their own and at their own expense on an as-needed basis to assist and advise them on legal and tax matters. District personnel will assist in whatever manner is feasible to facilitate Affiliated Community Organization needs.

All Affiliated Community Organizations records should be maintained in a manner to facilitate the transfer of duties to new officers each year. Copies of financial records should be maintained for a period of five (5) years in the permanent records of the organization. Many of these filings become public record upon the granting of exempt status and must be maintained for public inspection.

Affiliated Community Organizations should obtain a post office box or business address for all its correspondence, a post office box would provide the greatest amount of flexibility for the organization. To avoid possible confusion, the Affiliated Community Organization needs to have a separate mailing address to ensure distinction between it and the campus. Specifically, for tax purposes. If necessary, shipments can be sent to the campus, but the billing address must be the PO Box. Schools are not equipped, nor funded to receive, sort, safeguard, or distribute mail for all of the District's Affiliated Community Organizations. **Note: Affiliated Community Organization information is subject to "open records" therefore, as a safety precaution, it is strongly recommended that a post office box is utilized.**

To open a bank account, the Affiliated Community Organization *must* first obtain an Employer Identification Number (EIN) from the IRS. (See [Federal Tax Information](#) section in this Guide for more information on obtaining an EIN).

Affiliated Community Organizations should not use the campus's name on its checks or on its literature. The use of the school name might imply that the school or the District is responsible for any obligations entered by the Affiliated Community Organization. A proper name on accounts and literature would be "High School X Choir Booster Club" as an example.

Commingling of Affiliated Community Organization funds and school activity funds is prohibited. Each Affiliated Community Organization must have its own separate bank account.

All funds received should be receipted and deposited within 24 hours of receipt. It is suggested that at least two (2) club officers sign each disbursement. School district employees may not be the signature on Affiliated Community Organization bank accounts for their own campus or programs they are the sponsor for.

Capital equipment purchased with Affiliated Community Organization funds become the property of the school district and must be used exclusively at the school.

Campus employees may not accept loans of funds from parents and/or Affiliated Community Organizations. Each organization must have an audit committee perform an annual Financial Review. (See Suggested [Financial Review Program](#) document for more details).

Payment from Affiliated Community Organization funds may not be made to employees or to other individuals for any service rendered to a school district program unless the transaction is processed through the Lamar CISD Finance Department.

The employment of clinicians by the school district may not be a substitute position or an alternative for a sponsor. A clinician is defined as a professional who is not an employee of Lamar CISD whose services are contracted on an intermittent basis to give suggestions and/or help a performing group with routines/numbers that have been initially taught by Lamar CISD employees. The use of a clinician requires the approval of the Campus Principal and the appropriate central office administrator(s).

## **Lamar Consolidated Affiliated Community Organizations Federal Tax Information**

It is each Affiliated Community Organization's responsibility to seek competent professional tax advice for its own tax reporting and filing requirements. The information provided in this document is not intended to be specific or all-inclusive. Affiliated Community Organizations should strive to remain in good standing with all federal and state regulatory agencies.

### **Application for Federal Tax-Exempt Status**

Formation of a non-profit corporation does not necessarily entitle the organization to exemption from federal taxes. To be exempt from federal taxes, the Affiliated Community Organization must apply for this status. [Form 1023-EZ](#), must be completed for Recognition of Exemption Under Section 501(c)(3). General instructions on the rules and procedures can be found in IRS [Publication 557](#).

Upon acceptance of the organization's exempt status by the Internal Revenue Service, a determination letter will be received as evidence of approval. The letter should be kept in a safe, permanent place as it will be used time and again to prove the organization's exempt status. In addition, a copy of the letter should be shared with the Campus Principal and the LCISD Executive Director of Student Programs.

To determine if the organization has received exempt status 501(c)(3), go to the IRS website, <https://www.irs.gov/charities-non-profits/tax-exempt-organization-search> and search for the particular Affiliated Community Organization.

Organizations that have gross receipts greater than \$50,000 annually must also file [Form 990](#) or [990-EZ](#) (Short Form Return of Organization Exempt from Income Tax) annually. These forms due by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the organization's reporting period (4 months after year end). Instructions for Form 990 and 990 EZ can be found on the IRS website at <http://www.irs.gov/pub/irs-pdf/i990.pdf>

Most small, tax-exempt organizations whose annual gross receipts are normally \$50,000 or less can satisfy their annual reporting requirement by electronically submitting Form 990-N if they choose not to file Form 990 or Form 990-EZ instead. While there is no penalty assessment for filing Form 990-N late, organizations that fail to file required Forms 990, 990-EZ or 990-N for three (3), consecutive years will automatically lose their tax-exempt status. Revocation of the organization's tax-exempt status will happen on the filing due date of the third consecutively missed year.

Please refer to the bulleted list below to assure that the correct form is filed:

Form 990-N (commonly referred to as the e-Postcard) for Affiliated Community Organizations with:

- Gross receipts of \$50,000 or less.

Form 990-EZ for Affiliated Community Organizations with:

- Gross receipts of more than \$50,000 but less than \$200,000 AND
- Total Assets of less than \$500,000 at fiscal year-end.

Form 990 for Affiliated Community Organizations with:

- Gross receipts of \$200,000 or more OR
- Total Assets of \$500,000 or more at fiscal year-end.

Affiliated Community Organizations that have gross receipts over \$5,000 that are not exempt (they have not filed [Form 1023-EZ](#)) are considered taxable entities by the IRS and must file Form 1120 US Corporation Tax Return.

If the Affiliated Community Organization is not using a post office box, it is extremely important to notify the IRS when there is a change of address for your Affiliated Community Organization. The Affiliated Community Organization should use IRS [Form 8822](#).

### **Employer Identification Number (EIN)**

The IRS requires all organizations (entities) that conduct business to have their own Employer Identification Number. The EIN is obtained with the from the IRS. A member's social security number should not be used as the organization's Employer Identification Number for banking or other business purposes. Affiliated Community Organizations are **not** allowed to use the District's EIN.

To obtain an Employer Identification Number:

- Obtain and complete [IRS Form SS-4](#).
- Make a copy for the Affiliated Community Organization's permanent records.
- When a number is assigned to the Affiliated Community Organization by the IRS, ensure that the paperwork is maintained in a permanent file from year to year.
- The IRS will assign a number over the telephone to the Affiliated Community Organization.
- The fiscal year end for the Affiliated Community Organization will be June 30<sup>th</sup>.
- There is no application fee required when filing Form SS-4.
- This EIN will be the number used to establish a bank account for the Affiliated Community Organization.

Again, the Affiliated Community Organization can apply for an EIN number online on the IRS website. Go to <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>.

## Sales State Tax Rules & Reporting

Generally, sales tax is due on the sale of tangible personal property and taxable services in Texas whether the seller is a for-profit business, sole proprietor or non-profit organization. The seller must obtain a sales tax permit and is responsible for collecting and remitting tax on all sales and services made by the seller unless the sales are otherwise tax exempt.

If an Affiliated Community Organization has obtained a Sales Tax Exemption from the State, it simply means the organization can purchase items for the organization's exclusive use or for resale. If the items purchased for the organization are sold, the organization is responsible for collecting sales tax; reporting the sale to the state and remitting the sales tax amount to the State Comptroller's Office.

The information below assumes that the Affiliated Community Organization has obtained a tax-exempt status from the IRS as a 501(c)(3) charitable organization and an exception from the State for Texas sales use and taxes.

All purchases made for the exclusive use of an Affiliated Community Organization should be made tax-exempt.

- A Texas Sales and Use Tax Exemption Certificate form should be issued to the vendor.
- Sales and use tax exemption numbers do not exist. Exemption form requires no number to be valid. The Certificate authorizes the vendor to make the sale tax-exempt. Affiliated Community Organizations are not allowed to use Lamar CISD's sales tax certificate.
- The vendor should keep the certificate on file to show potential State Comptroller auditors if audited.

All items purchased to resell during a fund-raising event such as T-shirts, spirit items, etc. should be made as non-taxable purchases from the vendor.

- A Texas Sales Tax Resale certificate showing the organization's Sales Tax Permit Number (11 digits) should be given to the vendor unless the vendor already has one on file.
- It is **NOT** recommended to pay the vendor for sales taxes to avoid collecting and remitting sales taxes to the State.

When making a sale the Affiliated Community Organization must determine if the sale is a taxable or non-taxable event. When an individual purchase a tangible item and it becomes their personal property that sale is taxable. (Tax Rate Information: <https://comptroller.texas.gov/taxes/sales/faq/local.php>)

It is irrelevant if the school logo is on the item purchased or that the item will be used by a student in a school group or for a school function.

According to the State Comptroller's Office, sales of school supplies to students are taxable.

### ***Reporting & Remitting Sales Taxes to the State***

Sales taxes are due to the State and must be collected when a taxable item is sold to others.

Sales taxes are due regardless of whether an Affiliated Community Organization has obtained a tax-exempt status from the IRS and regardless of whether sales taxes were charged as part of the sales price when the items were sold.

There is a requirement to file at least one sales tax report per calendar year (January-December) with the State Comptroller's Office. The State Comptroller will inform the Affiliated Community Organization after filing their first sales tax report if sales taxes must be remitted more frequently (based on taxable sales in one year).

- The State Comptroller's Office will generally mail the required reporting forms and information to the organization after it has obtained a Sales Tax Permit.
- If an organization has a Sales Tax Permit, the State requires that a sales tax report be filed annually even if the organization did not sell anything taxable (zero sales/no tax due tax report).
- The sales tax report can be completed online, if preferred, by going to the State Comptroller's website at <https://comptroller.texas.gov/taxes/permit>.

Annual sales tax reports are due January 20<sup>th</sup> each year. Quarterly and monthly sales tax reports are due on the 20<sup>th</sup> of the month immediately following the end of the quarter or month, respectively.

## **General Information Regarding Use of All Lamar Consolidated Independent School District (Lamar CISD) Logos**

- Are the school logos and names protected from unrestricted general use?
  - Yes. Ownership of all logos, names, and word marks, together with all associated copyrights, trademarks and other protections and intellectual property rights.
- Are the school logos and names protected from unrestricted general use?
  - Yes. Ownership of all logos, names, and word marks, together with all associated copyrights, trademarks and other protections and intellectual property rights remains with the Lamar CISD.
- May commercial manufacturers, wholesalers, and retailers use the school names on a for-profit basis?
  - Not without the written permission of the Lamar CISD Community Relations office. After permission is granted, logo digital files—with the correct Pantone® colors—will be sent from the Lamar CISD Graphic Arts Department. Logos cannot be copied from the website for reproduction.
- May students, student organizations, and parent support organizations use the school names and logos to promote a group of students, an activity or event, a campus, or the District, and if so, do they need permission to do so?
  - Yes, students, student organizations, and Affiliated Community Organizations may use the school names and logos so long as their use is in furtherance of school related business or activity. Yes, they will need to obtain permission in writing by completing the [Lamar CISD Logo Use Request Form](#). After permission is granted, logo digital files—with the correct Pantone® colors—will be sent from the Lamar CISD Graphic Arts Department. Logos cannot be copied from the website for reproduction.
- If students, student organizations, PTOs, Affiliated Community Organizations, Ag clubs and other school-sanctioned support organizations obtain permission before using school names and logos, will they be charged a fee?
  - No, they will not be charged a fee so long as their use is in furtherance of a school related business or activity. The determination of what constitutes a use in furtherance of a school related business or activity rests with the Lamar CISD Community Relations Department. To be exempt from the fees, these individuals or organizations should fill out the [Lamar CISD Logo Use Request Form](#). All logo digital files—with the correct Pantone® colors—will be sent from the Lamar CISD Graphic Arts Department. Logos cannot be copied from the website for reproduction.



- Can the Lamar CISD revoke permission to use a school name or logo if it determines that the use is improper, unauthorized or not in conformity with school standards?
  - Yes.
- What else should we be aware of, should anyone listed in question 4 above create or sell merchandise for a fund-raiser?
  - Be sure to contact the Lamar CISD Finance Department and learn about their fund-raising policies and procedures and vendor use. All profits of such sales must go to the students and/or student-related projects. Finally, it is important that the Affiliated Community Organization is a school sanctioned parent or support group. For more information contact the Lamar CISD Finance Department and your Campus Principal.
- What names and logos are subject to these procedures and where do I find them?
  - All LCISD logos are subject to the procedures listed above.
- What if I want to propose a new school name or logo for use by the District?
  - To do so, the Affiliated Community Organization will need to bring the matter to the Campus Principal who will forward the request to the Lamar CISD Community Relations Department.
- Can school support organizations such as Affiliated Community Organizations, Ag clubs, etc. directly grant a person, business, vendor, marketer, manufacturer, or any organization permission or authority to use a school name or logo?
  - No. Only the Lamar CISD Community Relations Department may do so. All logo digital files—with the correct Pantone® colors—must be sent from the Lamar CISD Graphic Arts Department. Logos cannot be copied from the website for reproduction.
- How do I contact the Community Relations Department?
  - You may contact the Lamar CISD Community Relations Office at the following address and phone number: Dr. Kanisha Waites, Director of Community Relations, 3911 Avenue I, Rosenberg, TX 77471, or 832-223-0329, or [kanisha.waites@lcisd.org](mailto:kanisha.waites@lcisd.org)
- Where can I find the Lamar CISD Logo Use Request Form?
  - You can find a copy of the Lamar CISD Logo Use Request Form [here](#) or <http://www.lcisd.org/docs/default-source/community-relations/logouseform.pdf?sfvrsn=2>.

**Lamar Consolidated Independent School District Affiliated Community Organization  
Guide Acknowledgement**

*For blank form, please [click here](#).*

As incoming \_\_\_\_\_, of the \_\_\_\_\_,  
*(Officer Position)* *(Affiliated Organization)*

I have read the Lamar Consolidated Independent School District Affiliated Organization Guide. I understand the procedures outlined in this document and will adhere to its instruction. At any time should I have questions regarding procedures or information outlined in this document, I will contact the LCISD Executive Director of Student Programs.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

*Maintain a copy of this Guide for your reference.*

*Please return this signed document to the Campus Principal.*

## **Fillable Forms in PDF**

# PROMISE TO PARENTS

## THINGS WE WILL ALWAYS DO

- Personally model the character traits that we wish for our students to develop.
- Demonstrate our faith in people by setting high goals.
- Hold ourselves accountable for the results we achieve.
- Act as learners ourselves by relentlessly pursuing new information, strategies and approaches.
- Laugh. Be joyful. Sing.
- Support each other by celebrating success, circling the wagons, or giving encouragement during a struggle.
- Act as though we were spending our own money.
- Focus on the right thing.
- Be the family for those who have none.

## THINGS WE WILL NEVER DO

- Allow race, culture, economic status or intellect to dictate the opportunities of our students.
- Ignore or rationalize the data and evidence in order to maintain the comfort of the status quo.
- Avoid risks for fear of failure.
- Compromise the trust of our parents by abusing the faith they have in us to love their children.