

Booster & PTO Group Informational and Best Practices Meeting

Chris McDowell, Fiscal Coordinator

Valerie Shemas, Fiscal Specialist

September 2021



Agenda

- Board Policy & District Relationship
- Booster Club & PTO Formation
- Annual Filing Requirements
- Insurance Coverage
- Fundraising and Facility Gifts
- Receipt & Expenditure Procedures
- Scholarships
- Frequently Asked Questions
- Additional Resources



Board Policy & District Relationship

- **District support organizations are defined as any non-profit entity, group, or other organization formed and operating for the purpose of supporting District programs.**
- Booster & Parent Groups are independent of the School District and the Board of Education, i.e. separate entities
- District policy has been established for the Support Group to qualify annually as a recognized school district support group
- **Policy 9211 - DISTRICT SUPPORT ORGANIZATIONS**
 - *Complete policy is found on District website www.dublinschools.net under the drop down menu Board of Education - Bylaws, Policies and Guidelines – 9000 Relations*
- The Board of Education appreciates the efforts of all organizations whose objectives are to enhance the educational experiences of District students, to help meet educational needs of students and/or provide extra educational benefits not provided for, at the time, by the Board.
- District policy outlines Annual Reporting Requirements for existing district support organizations.



Booster Club & PTO Formation

Step 1 – Secretary of State: Initial Formation

- To be legally organized, a non-profit must file Form 532B Initial Articles of Incorporation with Secretary of State:
 - Includes info such as: Name, Location, Purpose, Directors, Provisions, etc.
 - Appointing a Statutory Agent
 - i.e. someone to receive notices & other documents on the corporation's behalf
 - We highly recommend a generic email address to stay with your organization
 - **\$99.00 fee**
 - The Secretary of State does not grant tax exempt status, i.e. this filing is not sufficient to obtain state or federal tax exemptions.
- A form 522 (Statement of Continued Existence) must be filed every 5 years; Secretary of State will notify the organization prior to deadline. This is the reason for the generic email address. Your officers will move on and you will miss this deadline.
 - **\$25.00 fee**
- Locate documents mentioned above available to file online at:
<https://www.sos.state.oh.us/businesses/filing-forms--fee-schedule/#domestic>



Booster Club & PTO Formation

Step 2 – Obtain Unique EIN from the IRS

- Must obtain own Employer Identification Number (EIN), separate from the District's EIN
 - Allows you to open separate bank account in the incorporated Support Group Name
 - Never use the district's EIN
- This can be done by filling out the form SS-4 (Application for Employer Identification Number)
- Application is online. If validations are met, you will get your EIN immediately
- No fee required
- Locate above document available to file online at:

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>



Booster Club & PTO Formation

Step 3 – Apply for Tax Exempt Status

- File a form 1023 or 1023-EZ through the IRS to apply for recognition of exemption from federal income tax under Section 501(c)(3) to become a 501(c)(3) Charitable Organization
- Some benefits of this include:
 - Exempt from federal income tax
 - Key Benefit: Eligible to receive tax-deductible donations
- The 1023 or 1023-EZ can be filled out at the website below:
[http://www.irs.gov/uac/Form-1023,-Application-for-Recognition-of-Exemption-Under-Section-501\(c\)\(3\)-of-the-Internal-Revenue-Code](http://www.irs.gov/uac/Form-1023,-Application-for-Recognition-of-Exemption-Under-Section-501(c)(3)-of-the-Internal-Revenue-Code)
- You will receive a **Letter of Determination**.

SAVE THIS LETTER FROM YEAR TO YEAR IN YOUR PERMANENT FILES, AS THIS IS THE DOCUMENT THAT PROVES THE ORGANIZATION DOES NOT HAVE TO PAY FEDERAL TAXES.



Booster Club & PTO Formation

Step 4 – Ohio Attorney General

- Beginning in 2012, all charitable organizations must register with the Ohio Attorney General. Ohio requires charitable organizations located in Ohio and groups that ask Ohioans for contributions to file annual reports with the Attorney General's Office. These filings are public and contribute to accountability and transparency within the charitable sector.
 - Groups are required to use the online system to fulfill their duties under the Charitable Trust Act (ORC 109.23) and the Charitable Solicitations Act (ORC 1716.02).
 - Multiple individuals from each organization are encouraged to create accounts in order to receive reminders on filing deadlines, confirmation of filings, and other important information. Again, a generic email address for your organization is helpful.
- You register at the website below:
<http://www.ohioattorneygeneral.gov/Business/Services-for-Charities/Charitable-Registration>
- If you are unsure if you are registered, please visit Research Charities at the link above and search by EIN.



Booster Club & PTO Formation

Step 5 – District Registration

- Contact the corresponding School Principal/Athletic Director as Step 1 of the District Registration process
- Submit copies of the following to the School District Office of the Treasurer:
 - Approved bylaws
 - Articles of incorporation and Tax Identification Number (EIN)
 - List of officers including name, address, phone number, email address and position held within the Support Group
 - IRS Letter of Determination
 - Proposed budget including fundraising



Annual Filing Requirements

IRS

- Form 990, due on the 15th day of the 5th month following fiscal year end – Nov 15th for June 30th year end
- 3 year failure = automatic revoke tax exempt status.

<i>Status</i>	<i>Form to File</i>	<i>Instructions</i>
Gross receipts normally \leq \$50,000 Note: Organizations <u>eligible</u> to file the <u>e-Postcard</u> <u>may choose to file a full return</u>	<u>990-N</u>	n/a
Gross receipts $<$ \$200,000, and Total assets $<$ \$500,000	<u>990-EZ</u> or <u>990</u>	<u>Instructions</u>
Gross receipts \geq \$200,000, or Total assets \geq \$500,000	<u>990</u>	<u>Instructions</u>
Private foundation - regardless of financial status	<u>990-PF</u>	<u>Instructions</u>



Annual Filing Requirements

Dublin School District Annual Filing

- **Established Support Group Annual Reporting Requirements**
 - Submit copies of the following to the School District Office of the Treasurer by October 31st:
 - A copy of the support organization's Bylaws and any amendments.
 - A current list of names, addresses, email addresses, phone numbers and titles of each officer of the organization.
 - The organization's balance sheet, together with an accounting of the organization's income and expenses for the preceding fiscal year.
 - Copies of State and Federal tax reports for the most recent year, as well as copies of any audit reports.
 - Statement of Continued Existence (as appropriate)



Annual Filing Requirements

Attorney General

- Individual who registered with Attorney General will receive notifications that annual filing is approaching.
 - Note: Not a bad idea to either have a universal email address for your support group that certain people can access or have 3 or 4 people put their emails in to get notifications
- Filing is done online at the website below:
<http://www.ohioattorneygeneral.gov/Business/Services-for-Charities/Charitable-Registration>
- Refer to *Charitable Registration Deadlines and Fees FAQs* at the link above for any questions



Insurance Coverage

- **General Liability Insurance**

- District extended coverage for those listed as District Approved Support Organizations (those currently in compliance with Board policies)
- Currently offered at no cost to groups
- If your group requires a copy of the Liability policy, please contact kuba_andrea@dublinschools.net for assistance

- **Surety Bond / Officer Dishonesty Bond Insurance**

- District Support Groups are separate legal entities, therefore not covered under the District's Surety Bond
- District facilitates this through Booster Crime Policy – 3 year period
- Current coverage of 3 year policy is October 1, 2020 – September 30, 2023
- Cost is \$220 for \$10,000 coverage and \$329 for \$25,000 coverage
- Support groups pay District directly, who pays one check to Travelers



Fundraising

- Cooperative and Individual Student Accounts
 - Fundraising for any District Support Group may not result in a “credit” to an individual’s booster fees based on the amount of funds that the individual raised
 - Every individual must receive an equal share of fundraising proceeds
 - May disqualify booster’s charitable status if fundraising proceeds are not shared
 - Scholarships based on financial hardship are allowed



Facility Gifts

- Licensing Agreement with the School Board
 - Work with administration and District Operations
 - Submission of plan to Board Of Education
 - School Board Resolution must be passed
 - Preferable to have all funds raised up front
 - Have clearly defined Boosters responsibilities (permits, approvals, etc.)
 - Legal consult protecting all parties
 - **Plan ahead before moving ahead**



Suggested Receipt Procedures

- Develop internal controls, try to limit cash
- Review budgeted receipts to actual, present at board meetings
- Have 2 persons verify bank reconciliations
- FOLLOW YOUR OWN PROCEDURES!!
 - *The Embezzler Next Door* video @ <https://parentbooster.org/videos>
- Charitable Contributions: Substantiation & Disclosure Requirements (IRS Pub 1771)
 - Required written acknowledgement of monetary donation \$250 or greater
 - Required written acknowledgement of goods or service donation \$75 or greater
 - *“No goods or services were received for this donation.”*
Wording to donor in written acknowledgement letter



Suggested Expenditure Procedures

- Internal Controls
 - Dual Signatures
 - Limit use of debit cards for emergencies
 - Reconcile bank accounts monthly, provide at board meetings
 - Have 2 persons bank access to double check
 - Consider performing internal audit or yearly review if cost effective
 - Purchase surety bond
 - FOLLOW YOUR OWN PROCEDURES!!



Scholarships

- It is possible to set up an annual scholarship using Booster funds.
- PROCEED WITH CAUTION! You want the process to stand up to the 'fairness' test. Is the Booster president's child typically getting the scholarship?
- Define the scholarship, the amount, the qualifications, and the rewarding committee carefully. Update bylaws to include your Scholarship.
- Take advantage of the district's Local Scholarship Program
- On or about February 1st, high school guidance counselors give local scholarship information to students. Students have until March 1st to submit their applications. To learn more about the Local Scholarship Program, email Lynn Mickey at mickey_lynn@dublinschools.net.



Frequently Asked Questions

1. When is it acceptable to compensate school district employees and/or Board approved school volunteers?

- A. It is **NEVER** appropriate per District Policy
- B. As long as it is at the end of the season
- C. If it is a gift card rather than money
- D. If the coach gets us into the post season
- E. If it is the coach's last season
- F. If it is equitable to all district employees



Frequently Asked Questions

1. When is it acceptable to compensate school district employees/ Board approved school volunteers?

- A. It is **NEVER** appropriate per District policy
- B. At a long as it is at the end of the season
- C. If it is a gift card rather than money
- D. If the coach gets us into the post season
- E. If it is the coach's last season
- F. If it is equitable to all district employees



FAQ - Compensation (Cont.)

Paragraph 6 of Policy 9211

- School district employees and Board-approved school volunteers may not be directly compensated in any manner by District Support Organizations
 - **Gift cards are considered to be compensation and therefore NOT to be given to district paid coaches and/or staff by district Support Groups**
- Ohio Ethics Advisory Opinion 2008-01



Frequently Asked Questions

2. What must my Support Group do to raise funds through BINGO?

- A. Have 501(c)(3) determination letter
- B. Obtain a state Bingo license and display it at the Bingo event
- C. Proof of two years of 501(c)(3) status
- D. None of the above
- E. All of the above



Frequently Asked Questions

2. What must my Support Group do to raise funds through BINGO?

- A. Have 501(c)(3) determination letter
- B. Obtain a state Bingo license and display it at the Bingo event
- C. Proof of two years of 501(c)(3) status
- D. None of the above
- E. All of the above

Instant Bingo restrictions are similar. Proceed with caution.



Frequently Asked Questions

3. Is a Support Group Organization allowed to hold a raffle?

- Yes, no license is required
- If the entity conducting the raffle is not a 501(c)(3), then at least 50% of the net profit must be donated **back to the school district** or a charitable purpose described in ORC 2915.01(Z)



Frequently Asked Questions

4. What are two forms of insurance mentioned by Policy 9211?

- A. Liability Insurance
- B. Life Insurance
- C. Dishonesty Bonding
- D. A & B
- E. A & C



Frequently Asked Questions

4. What are two forms of insurance mentioned by Policy 9211?

- A. Liability Insurance
- B. Life Insurance
- C. Dishonesty Bonding
- D. A & B

E. A & C



FAQ – Annual Filing to District

5. Per board policy what must be turned in to the district before October 31st?

- A. Copy of the group's 990 form/Financials
- B. Current list of officers and contact information
- C. List of proposed fund-raising activities
- D. Copy of most recent charter documents (if changed within last year)
- E. All of the above



FAQ – Annual Filing to District

5. Per board policy what must be turned in to the district before October 31st?

- A. Copy of the group's 990 form/Financials
- B. Current list of officers and contact information
- C. List of proposed fund-raising activities
- D. Copy of most recent charter documents (if changed within last year)
- E. All of the above



FAQ – EIN #'s

7. Can a Booster Group use the Districts EIN #?

- A. Yes
- B. No
- C. It Depends



FAQ – EIN #'s

7. Can a Booster Group use the Districts EIN #?

- A. Yes
- B. No
- C. It Depends

Support Organizations are legally separate entities and should not use the District's EIN



FAQ - Tax Exempt Status

8. All Support Organizations are Tax Exempt?

A. True

B. False



FAQ - Tax Exempt Status

8. All Support Organizations are Tax Exempt?

A. True

B. False

Getting an EIN # from the IRS is only the first step in becoming tax exempt. Need to file with IRS to become 501(C)(3)



FAQ – Fundraising

9. Can we have a fundraising incentive to benefit individuals (e.g. offsetting individual booster fees through fundraising)?

FAQ – Fundraising

9. Can we have a fundraising incentive to benefit individuals (e.g. offsetting individual booster fees through fundraising)?

- ABSOLUTELY NOT – fundraising must be for the entire group, and not applied directly to an individual except in the case of a hardship scholarship
- Never use fundraising proceeds as direct offset to an individual's fees; doing so risks Tax Exempt Status
- Fundraising participation must be independent of student's participation on the team



Additional Resources

- PTO Today
 - <http://www.ptotoday.com/>
- IRS Help
 - <http://www.irs.gov/>
- Parent Booster USA
 - <http://www.parentbooster.org/>
- National Center for Charitable Statistics
 - <http://nccs.urban.org/>
- Ohio Ethic Commission
 - <http://www.ethics.ohio.gov/>
- Ohio Attorney General
 - <http://www.ohioattorneygeneral.gov/>



Dublin School District Contacts

Tyson Hodges

Assistant Treasurer

hodges_tyson@dublinschools.net

614-760-4380

Chris McDowell

Budgetary Coordinator

mcdowell_chris@dublinschools.net

614-760-4301

Val Shemas

Fiscal Specialist

shemas_val@dublinschools.net

614-760-4306

Questions?



Thank You

We appreciate all that your groups do to support our students, their sports programs, our staff and our buildings. We certainly would not be the Excellent District we are without your continued support.

