

EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

External support/booster organizations are adult/parent organizations established to promote school programs or complement student groups or activities, (i.e., PTA, PTO, booster organizations, etc.). An external support/booster 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. Even though an external support/booster organization works very closely with the district, it is a separate legal entity and is responsible for adherence to IRS guidelines and Title IX regulations.

General Guidelines

- 1) Created by the parents, external support/booster organizations provide support for school programs. Generally, fundraising efforts are planned and carried out by the parents.
- 2) External support/booster organizations must receive local board approval to establish, lend support, seek assistance, or fundraise in the name of the district, school, students, or a district or school program.
- 3) An external support/booster organization must use external bank accounts and shall obtain its own Federal Employer Identification Number (FEIN) specifically and only for its use. External support/booster organizations shall not use the FEIN of the school or district.
- 4) An external support/booster organization is exempt from state sales tax on purchases only if it obtains its own state tax exempt number. External support/booster organizations shall not use the state tax exempt number of the school or district. Sales made by external support/booster organizations may be subject to the collection and remittance of sales tax.
- 5) An external support/booster organization is exempt from federal tax, and donations made to the organization are tax-deductible to donors, only if it obtains its own federal tax exempt status.
- 6) It is recommended that each external support/booster organization have written by-laws which include the offices and their terms.
- 7) Each external support/booster organization must submit the FEIN and the names of the organization's officers to the principal at the beginning of the school year or within thirty days of the first transaction of the organization.
- 8) External support/booster organization officers are solely responsible for ensuring that their group is in compliance with district policies, external support/booster organization guidelines in the *Redbook*, and state and federal regulations. A district, including any district employee, shall not be held responsible for any deficiencies by the external support/booster organization.
- 9) District employees may serve external support/booster organizations as a general member or as a member of its executive board. However, local board members may only serve external support/booster organizations as a general member and shall not serve as an officer of the organization.
- 10) Neither local board members nor district employees shall serve external support/booster organizations as the treasurer or any other officer with check signing authority on the external support/booster organization's bank account.
- 11) The school activity fund shall not reimburse external support/booster organizations for any purchases.

- 2
- 12) No booster club shall pay the fee for any referees or officials of athletic events. External support/booster organizations may, however, donate to the district/school for these purposes.
 - 13) Booster clubs shall not pay or enhance salaries or stipends for any district employee. External support/booster organizations may, however, donate to the district/school for these purposes as long as the salaries paid are within the limits set by the local board.
 - 14) Anything purchased by an external support/booster organization for the school, in the name of the school or for the athletic group it supports, becomes the property of the school district. If the district accepts the item, then the district will be responsible for maintaining and repairing it.
 - 15) The school or district, with approval of the local board of education, may establish additional guidelines/requirements for the external support/booster organizations.
 - 16) The school may disassociate with any external support/booster organization that does not comply with the External Support/Booster Organization section in the *Redbook*. If the school disassociates with the external organization, the external organization shall not use the school name for its activities, conduct any fundraising in the name of the school or athletic group within the school and shall not use the school facilities to conduct such activities.
 - 17) Additional resources for external support/booster organizations can be found in [Appendix C – External Support/Booster Organization Resources](#).

Insurance

- 1) It is recommended that treasurers of external support/booster organizations be bonded.
- 2) All external support/booster organizations are required to carry separate insurance for general liability with the appropriate coverage to operate their organization. External support/booster organizations are not covered by the district liability insurance.
- 3) Proof of liability insurance coverage must be submitted to the principal prior to commencing any fundraising activities.

Fundraising

- 1) The local board's approval of all school-wide fundraisers proposed by external support/booster organizations, including the use of funds, is required. The Fundraiser Approval (Form F-SA-2A) shall be completed and approved before the fundraiser begins.
- 2) The principal or a designee's approval of all other fundraisers proposed by external support/booster organizations, including the use of funds, is required. The Fundraiser Approval (Form F-SA-2A) shall be completed and approved before the fundraiser begins.
- 3) The external support/booster organization must ensure funds are expended in accordance with only the purpose and intended use stated on the Fundraiser Approval (Form F-SA-2A). The Fundraiser Approval shall be obtained prior to commencing the fundraising activity.

- 4) External support/booster organization fundraising must benefit the members of the group as a whole; no fundraising monies shall be applied to individual student accounts. Accounting by student places the external support/booster organization tax status in jeopardy as stated in the Internal Revenue Service document called Compliance Guide for 501(c)(3) Public Charities, on Page 2 under the heading "Private Benefit and Inurement". The document can be found at <http://www.irs.gov/pub/irs-pdf/p4221pc.pdf>.
- 5) The IRS prohibits tax-exempt organizations from **requiring** participation in fundraisers. Likewise, support/booster organizations **shall not** require an amount be "donated" in lieu of participating in a fundraiser.
- 6) Individuals choosing not to participate in a fundraiser shall not be excluded from benefitting from the fundraiser and shall not be penalized in any way.
- 7) District employees shall not be involved with an external support/booster organization by ordering or receiving goods, receipting, depositing funds, paying vendors, or otherwise disbursing funds. External support/booster organization funds remaining on school property must be kept in a secure location which cannot be accessed by any school personnel.
- 8) Students may handle funds during a fundraiser conducted by an external support/booster organization.
- 9) If a fundraiser involves stations (carnival or fall festival, for example), tickets shall be sold at a central ticket booth. Patrons purchase tickets from the central ticket booth and remit a ticket at each station.
- 10) External support/booster organizations may provide financial support to student groups by donating funds to the school for expenditure or by expending the funds directly.
- 11) If the external support/booster organization donates funds to the school for expenditure, the external support/booster organization writes a check to the school where the student group is located. The school deposits the funds into the student group's activity account, as long as the board has given the school authority to maintain donations at the school level. The funds then belong to the members of the student group, to be spent at their discretion (under the supervision of the sponsor). All accounting and safeguarding of the funds is the responsibility of the school, once the school has received the funds and all "Redbook" guidelines must be followed.
- 12) If the external support/booster organization expends the funds directly, the external support/booster organization writes checks to the individual vendors for the expenses related to the student group through the organization's bank account. All accounting and safeguarding of the funds is the responsibility of the external support/booster organization.

Reporting

- 1) Each external support/booster organization must submit an annual External Support/Booster Organization Budget worksheet (Form F-SA-4B) to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group. The budget shall contain, at a minimum, estimated revenues from admissions, fundraisers, dues, concession sales, and other categories and estimated expenditures by category.
- 2) Each external support/booster organization must submit an annual financial report for the fiscal year ending June 30 to the principal by **July 15**. The annual financial report shall contain, at a minimum, cash beginning balance, cash ending balance, and revenues and expenditures by category (i.e. admission revenues, concession revenues, items for resale, supplies).

Title IX

- 1) External support/booster organizations must ensure compliance with Title IX. Title IX of the Educational Amendments of 1972 is a federal law that prohibits sex discrimination in educational programs which receive federal funding. Since all public schools in Kentucky receive federal funding, Title IX applies to all programs in the public schools.
- 2) Benefits provided by boosters are viewed under Title IX as being provided by the school and the school's administration is responsible for ensuring equity.
- 3) Expenditures made by external support/booster organizations must be reported to the principal annually by **July 15**.

SCHOOL BANKS

School banks may be used as a learning tool for students where they will be taught the fundamentals of banking. It is a positive and valuable experience for students. The following are general guidelines for the school banks which are usually located at the high school.

- 1) Supporters will be an important component of a school bank. District level supporters shall include the local board of education, high school principal and Education to Career Program Leader (sponsor).
- 2) The Financial Supporter of the school bank may be a bank or credit union. Ask federal and state regulatory agencies for suggestions on institutions that meet the criteria you have established. Federal regulators can give you a list of local institutions that have "outstanding" Community Reinvestment Act (CRA) ratings and a reputation for being active in the community. (A bank's location near the school facilities would be ideal.)
- 3) A financial institution that participates in school banking shall be licensed to conduct banking, investment, and other financial business in the Commonwealth of Kentucky.
- 4) All school banks are to be created and operated under the federal employer identification number (FEIN) of the supporter bank or credit union.
- 5) National banks that seek to set up school-based bank savings programs in nonbank branch settings must meet the conditions in 12 CFR 7.1021. National banks that have student banker school based savings programs that do not meet the conditions in 12 CFR 7.1021 must submit branch applications to the Office of the Comptroller of the Currency.
- 6) Determine whether to institute a nonbank branch or a school bank branch. See the American Banker's Association (ABA) website for more information at <http://www.aba.com/ABAEF/Pages/StartSchoolBank.aspx>. Notify the state and federal regulators once a determination is made.
- 7) In a nonbank branch setting, the school bank is not considered a branch of a bank but a financial literacy program. The school premises or facility is not considered an authorized branch of the Financial Supporter.
 - Bank employees work at the site only to participate in the program.
 - No services are provided to the general public.
 - The principal purpose is educational.
 - If the program does not lend money or cash checks but merely collects deposits and processes them at the host bank, then the facility is not considered a branch and no branch application is required.