

Booster Clubs and Parent Organizations:

Can't live with 'em, can't live
without 'em

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Alabama State Department of Education

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Why do we need booster clubs?

- Booster Clubs provide invaluable service and support to school districts
- Parent volunteers give unselfishly of their money and time
- Booster clubs afford parents an opportunity to be involved in a sport/activity that their student loves



Former treasurer of Garnet Valley High School Cheer Boosters charged with theft of more than \$47K from group

By FOX 29 staff | Published November 28, 2023 | Delaware County | FOX 29 Philadelphia | [↗](#)

Husband and wife are sentenced to prison for stealing \$200,000 from a high school booster club

IRS Organization

Date: October 24, 2022

Former Friendswood Booster Club president sentenced to prison for stealing from organization



Friday, October 6, 2023



Band mom arrested, charged with stealing money from the Lumberton Band Booster Club

by Madison Miller | Thu, December 1st 2016 at 10:50 AM

Updated Thu, December 1st 2016 at 4:42 PM



LOCAL NEWS

Geneva County woman accused of stealing money from school

**Marbury Middle School booster club secretary
arrested**

By WSFA 12 News Staff

Published: Apr. 17, 2014 at 8:13 PM CDT | Updated: Jun. 16, 2014 at 8:11 PM CDT

Prep football: Hoover Bucs coaches given benefits of \$35,000-plus

Updated: Dec. 24, 2009, 1:00 p.m. | Published: Dec. 24, 2009, 12:00 p.m.

BIRMINGHAM REAL-TIME NEWS

**Ex-Blount county principal pleads guilty in theft
of school, concession stand funds**

Start with communication

- Talk with your Board, Superintendent and CSFO about your local policies and procedures
- Hold annual Booster Club/Parent Organization meetings
- Discuss Board policy and procedures surrounding booster clubs at your local school bookkeeper meetings



What do I talk about?



- Alabama State Department of Education's Financial Procedures for Local Schools
- Internal Revenue Service IRS Publication 557 Tax Exempt Status for Organizations
- Alabama Ethics Commission's Guidelines for Public Officials and Employees
- Alabama Building Commission
- Local Board Policies and Procedures
 - Parent and Outside Organization Manual
 - Debit and Credit Card Policy

Lines of Authority



- Boards of Education – The board of education should adopt policies to govern the establishment and operation of all activity funds. The district’s auditors should review these policies for sound accounting and reporting principles.
- Superintendent – The superintendent is directly responsible to the board of education for administering all board policies.
- Chief Financial Officer – The chief financial officer should have overall responsibility for accounting for and reporting all funds, including district and student activity funds, to the board. The chief financial officer is also responsible for implementing and enforcing appropriate internal controls procedures.
- Principal – The principal at each school site should be designated as the activity fund supervisor for that school building. The supervisor has the overall responsibility for the operation of all activity funds, including collecting and depositing activity fund monies; approving disbursement of student activity fund expenditures; and supervising all bookkeeping responsibilities. The supervisor should also be a signatory to all disbursements.

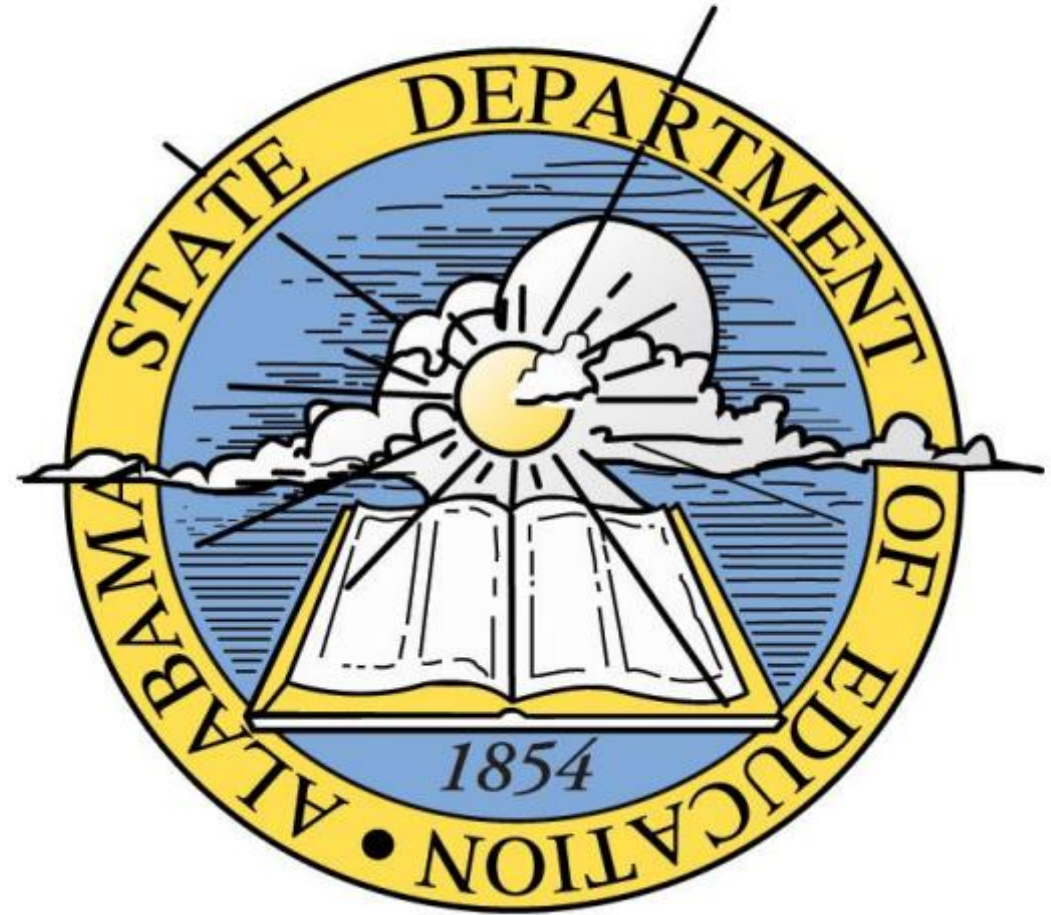
Lines of Authority

- Sponsors – The sponsor of each student organization is responsible for supervising all activities of the organization, including approving student activity fund transactions. Sponsors should be employees of the district and under the direct control of the principal.
- Local School Bookkeeper – The local school bookkeeper is responsible for assisting the principal with proper receipting and depositing of activity funds. Bookkeepers should also help communicate and enforce Board policies regarding financial operations of the activity to the organization officers.
- Parent Support Organization Officers – The officers of each support organization are responsible for the activities of the organization and assurances that they are following their bylaws, established laws and regulations in addition to all board policies related to the operations of the organization.

ALSDE Local School Financial Procedures

- Approved by the ALSDE on June 10, 2010
- Section 7 – Guidelines for School-Related Organizations

FINANCIAL PROCEDURES FOR LOCAL SCHOOLS



ALSDE Guidelines for School-Related Organizations

Student Organizations

- Student clubs and classes are usually recognized as school activities. The student officers and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate account to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks and maintains the supporting documents for the expenditures.

ALSDE Guidelines for School-Related Organizations

Athletics

- School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.

ALSDE Guidelines for School-Related Organizations

Parent Organizations

- Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Many parent organizations join a national organization that serves the individual school organizations. Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if: a) Both parties mutually assent to the fiduciary control of the principal or b) A school employee leads fund-raising or maintains the accounting records for the organization.

ALSDE Guidelines for School-Related Organizations

Booster Organizations

- All school sponsored extra-curricular activities must be under control of the school. However, booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extracurricular activity, the volunteers in the booster organizations also enhance community support that often extends to benefit all of the students at a school. Because some of the activities of a booster organization may be intertwined with the extra-curricular activity it supports, some of the organization's activities may be under the control of the school principal while other functions of the same booster organization are not school activities. The determination that a particular booster organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the organization's operations at a school. **These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school.** However, these organizations will become school activities if:
 - a) Both parties mutually assent to the fiduciary control of the principal,
 - b) A school employee, who is associated with the activity supported by the booster organization, serves/holds a leadership position in the organization, or
 - c) A school employee leads fund-raising or maintains the accounting records for the organization.

ALSDE Guidelines for School-Related Organizations

Booster Organizations

Specific activities of a booster organization may come under the control of a school principal if:

- a) The organization collects admission to the school function
- b) The organization operates a concession operation on school property at the school function
- c) The organization collects parking fees for the school function
- d) The organization operates a training camp that includes students of the activity it supports, or
- e) The organization operates an exhibition or competition that includes students of the activity it supports.

ALSDE Guidelines for School-Related Organizations

Parent organizations and booster organizations that maintain financial operations **outside the control of the school** could create a negative image for the school by failing to maintain proper accounting controls. Accountability for the funds these organizations control includes an agreement that:

- a) The organization has obtained an employer identification number from the IRS.
- b) The organization provides a report of the annual audit of the organization to the school.
- c) The organization makes its financial records available to the school's auditors and authorized school employees upon request.
- d) The organization provides required financial reports.
- e) The organization provides proof of a fidelity bond for the treasurer.
- f) The organization will not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law.

IRS Publication 557

Chapter 3 - Section 501 (c)(3) Organizations



- To qualify, the organization must be organized as a corporation (including a limited liability company), unincorporated association, or trust. Sole proprietorships, partnerships, individuals, or loosely associated groups of individuals won't qualify.
- Qualifying organizations include: • Nonprofit old-age homes • **Parent-teacher associations** • Charitable hospitals or other charitable organizations • Alumni associations • **Schools** • Chapters of the Red Cross • Boys' or Girls' Clubs and • Churches
- Form SS-4 Application for Federal Tax ID #
- Form 1023 Application for Non-Profit 501 (c)(3)

Parent Support and Outside Organization Manual

I. ORGANIZATION

- FORMATION OF ORGANIZATION
- BYLAWS
- OFFICERS AND DIRECTORS
- MEETINGS/RECORD KEEPING/RULES FOR DISSOLUTION
- INSURANCE

II. ADMINISTRATIVE GUIDELINES

- RELATIONSHIP WITH SCHOOL BOARD
- LAWS
- TRAINING
- CONTRACTS/LOANS
- FUNDRAISING GUIDELINES
- SELF-WORK PROJECTS

III. REPORTING REQUIREMENTS -APPLICABLE TO ORGANIZATIONS OUTSIDE THE SCHOOL'S BOOKS

- OBTAINING EMPLOYER IDENTIFICATION NUMBER (EIN)
- 501(C)(3) INFORMATION
- FIDELITY BOND
- ANNUAL AUDIT
- ANNUAL AUDIT FILING REQUIREMENTS



Parent Support and Outside Organization Manual



IV. FINANCIAL PROCEDURES

- GENERAL
- INTERNAL CONTROL PROCEDURES
- BANK ACCOUNTS
- CASH RECEIPTS
- DISBURSEMENTS
- FUNDRAISERS
- BUDGETARY AND OVERSIGHT CONTROL

V. ACTIVITIES ON SCHOOL CAMPUSES

APPENDIX - FORMS

Autauga County Schools

REQUEST TO OPERATE BOOSTER OR SCHOOL ORGANIZATION

To: _____ Location: _____
 (Principal Name) (School Name)

Name of Organization: _____

Purpose of Organization: _____

Student Group to be supported: _____

Faculty Sponsor for Organization: _____

Current Number of Parent Supporters: _____

I agree with the following statements:

- I have spoken with the faculty members who will serve as the sponsor of the support organization and have received their permission to submit this registration form.
- I have read the Booster Clubs and School Support Organizations Guidelines thoroughly and agree to abide by the rules and guidelines it contains.
- I understand that noncompliance with any District policy or guidelines may result in the disbanding of the support organization by the Principal or Chief Financial Officer.

Submitted by:

Representative	Date	Sponsor	Date
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Representative Address

Phone Number

For Local School Use Only

Approved by: _____ Date: _____

Disapproved by: _____ Date: _____

Return the original form to the representative of the support organization.

Send copy of this form to: (1) The Sponsor, (2) The Principal, and (3) The CSFO.

Autauga County Schools

NOTIFICATION OF OFFICERS

Submit officer information to your supporting campus/department immediately following your organization's election. Information should be submitted even if officers have not changed from the previous year. Any changes that occur during the year prior to the next election should be reported utilizing this form. A copy of this form should also be maintained by the organization. A copy of the organizations fidelity bond should be submitted with this form.

School Year: _____ Local School Supported: _____

Name of Organization: _____

EIN# _____

PRESIDENT

First and Last Name

Street Address or PO Box, City, State and Zip Code

Primary Phone Number

Email Address

VICE PRESIDENT

First and Last Name

Street Address or PO Box, City, State and Zip Code

Primary Phone Number

Email Address

TREASURER

First and Last Name

Street Address or PO Box, City, State and Zip Code

Primary Phone Number

Email Address

SECRETARY

First and Last Name

Street Address or PO Box, City, State and Zip Code

Primary Phone Number

Email Address

Autauga County Schools BOOSTER BANK ACCOUNT INFORMATION

Bank accounts used by the _____ organization include:

Name of Bank	Account Number
_____	_____
_____	_____
_____	_____

The identification number used for the bank account is: _____

Organization's Identification Number (EIN) should be used. Do not use an individual's social security number, and **do not use the District's EIN.**

The current authorized signers include the following organization officers:

Name of Person/Officer	Position Held
_____	_____
_____	_____
_____	_____

IMPORTANT

- The Sponsor cannot be an authorized signer on any organization's bank account.
- No employee of the district may be an authorized signer on the organization's bank account

Submitted by:

Representative

_____/_____/_____
Date

Autauga County Schools

Outside Organization Yearly Submission Check Off List

Submit this information to the local school office by November 15th of each year.

Local School Supported: _____

Name of Organization: _____

Mailing Address: _____

Proof of Tax ID Number (EIN)-Notice from IRS

_____ **Copy of the Internal Revenue Service Tax Exempt letter**

_____ **Proof of Fidelity Bond** – *A current policy must be submitted. The amount of the fidelity bond should be equal to the average amount of revenues received by the organization.*

_____ **Proof of Audited Financials** - *The audit does not necessarily have to be conducted by a CPA Firm, however it is strongly advised that the person performing the audit have an accounting background. These individuals must sign a statement certifying they have reviewed the financials, receipts, fundraising activities for accuracy; any discrepancies should be noted.*

_____ **Financial Report**

October 1st through September 30th of the reporting year – *The financial report is basically a summary of revenues less expenditures. This calculation shows the organization's profit margin to determine if the organization is profitable. The financial report does not necessarily have to be at year-end or at the end of the sport sponsored by the organization. This financial report can be done at any given month-end but must be for the latest full year. If no summary report can be produced a copy of all deposits, checks and receipts for a complete year should be submitted.*

_____ **Bank Statement** – *a copy of the first and last bank statements for the reporting period should be submitted with the financial statements. If no financial statements, a copy of all the bank statements must be submitted for the latest 12 months of the organization.*

_____ **Club Officers** – *a list of officers along with contact information. Phone number, address and email address for each officer.*

_____ **Copy of By Laws that have been adopted**

The items listed above are required to be submitted to ACBOE each year by November 15th. This date gives Central Office time to review all submitted documents and request any missing information prior to the annual arrival of the auditor sent by the Alabama Department of Examiners of Public Accounts. In the event these items are not submitted annually, and proof of the above cannot be verified, as required by the SDE, the parent/booster organization will have one of two options: (1) The organization can run through the school's books under the full authority of the school principal, or (2) The organization can be dissolved.

**PARENT SUPPORT ORGANIZATION AUDIT
CERTIFICATION**

Date: _____

Name of Support Organization: _____

I, _____ certify that I have reviewed the financial statements and related financial activity to include bank statements, receipts, deposit tickets, concession reports and fundraiser logs for the time period of _____ through _____. The financial reports, related financial activity and all supporting documentation are (check one):

_____ Correct and adequate with no discrepancies

_____ Correct and adequate with discrepancies as noted below

_____ Incorrect and/or incomplete

Discrepancies (use additional sheets of paper if necessary):

1. _____
2. _____
3. _____
4. _____
5. _____

Reviewer Signature and Phone Number

Reviewer Print Name

PARENT SUPPORT ORGANIZATION SAMPLE AUDIT PROGRAM*Audit Procedures:***BANK STATEMENTS**

- Determine whether a procedure is in place for a club member, other than those that have check signing ability, to receive bank statements by mail and review for reasonableness.
- Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
- Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
- Ensure that cleared checks contain signatures of individuals authorized to sign checks.
- Ideally, bank accounts should be established to require two signatures.

BANK RECONCILIATIONS

- Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.
- Verify that bank reconciliations were completed within 30 days of bank statement ending date.
- Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.
- Verify that the balance in the bank account (at beginning of school year), plus total deposits per check register, minus total disbursements per check register, balances to ending bank account balance (at end of school year).

RECEIPTS

- From the receipt book/log or other accounting records select a representative sample to test (Use of spreadsheets is helpful)
- Trace deposits to collection documentation/cash receipts for agreement.
- Trace deposits to bank statements to ensure agreement.
- Ensure that receipts are presented for deposit in a timely manner by reviewing the dates of cash receipts with the date of deposit on the bank statement.

DISBURSEMENTS

- From the check register or other accounting records, select a representative sample of checks, withdrawals, or other debits (use of spreadsheets is helpful). If volume is significant, consider selecting only a representative sample.
- Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or any other documentation.
- Review the canceled check to ensure agreement of payee name, endorsement, and check amount. Review for checks made out to cash or officer of organization
- Trace disbursements to budget approved by the membership or meeting minutes.
- For bank withdrawals for the purpose of establishing a change fund for an event, confirm that the change fund was later re-deposited.
- Confirm no school district employees have been paid through the organization
- 1099 is issued for all individuals and applicable businesses

FUNDRAISERS

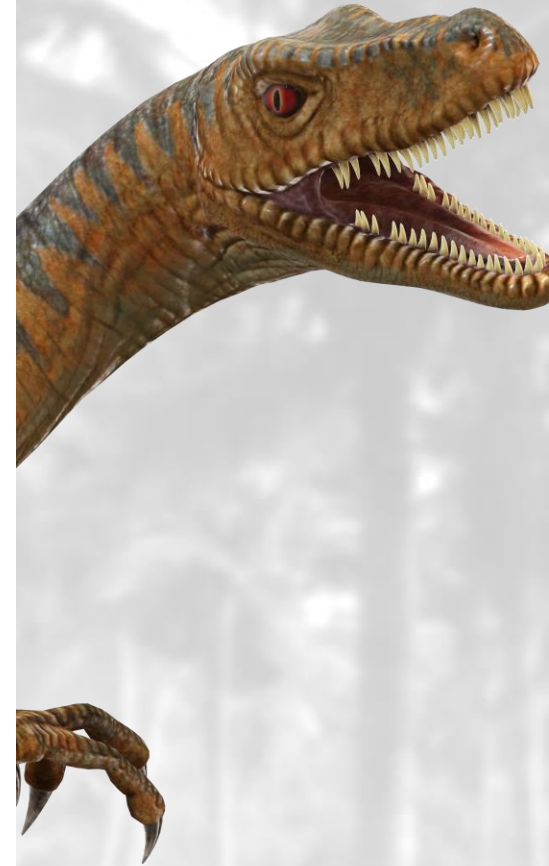
- Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold, and compare to deposits and remaining inventory, if any, to ensure agreement.
- Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.
- Review Fundraiser Reconciliation Form for accuracy

MISCELLANEOUS

- Inventory remaining check stock to confirm that all checks are present and sequential.
- Ensure that the check number for the last check issued and first check available in check stock are sequential.
- Confirm that check stock is retained in a secure place when not in use.
- Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records and have been 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).
- Ensure that sales tax reports were prepared and filed timely.
- Ensure that an IRS Form 990 was filed and review for reasonableness.

Essential Internal Control Procedures for Support Organizations

- Money should never be kept at a treasurer's home.
- Two people should always count the money, and both should sign the receipt verifying the amount.
- Two signatures should be required on all checks.
- Have a member who does not have check signing authority review the bank statement monthly before giving it to the treasurer. This person is looking for red flags including: checks showing up in non-sequential order, checks made out to cash, cash withdrawals, checks written out to non-approved vendors, checks written for non-approved expenses, and checks written out to individuals.
- Never sign a blank check or a check made out to "cash."
- Money should be deposited into the organization's bank account daily or according to the districts procedures even if a project is ongoing.
- All bills must be paid by check, never cash.
- Conduct an annual audit of the books.



Resources

Parent Booster USA
<https://parentbooster.org>

Alabama Ethics
Commission
www.ethics.alabama.gov

Alabama Attorney
General
www.alabamaag.gov

<https://parentbooster.org>



2 TO COUNT CASH

Never count cash alone! If you do nothing else... **never count cash alone!** At least two unrelated people should count cash. Cash should be counted onsite, where it is collected, on a daily basis. The cash counters should write down the day's income on a cash tally sheet and sign the sheet. The funds should then be deposited immediately into the group's bank account. Both the tally sheet and the deposit slip should be kept with the organization's financial records and used when reconciling the bank account.



2 TO SIGN CHECKS

Requiring two unrelated people to sign each check significantly reduces risk of theft. The two signature rule should be included in your group's bylaws, and also should be imprinted on the checks. **Never pre-sign checks.** To reduce the burden of obtaining the needed signatures, some groups have the check signers meet regularly at the school, such as once a week, before or after school to handle the check writing.



2 TO RECONCILE BANK STATEMENTS

Bank statements should be reconciled within 30 days of the date the statement is issued. It is best to separate duties and have someone without check signing authority or cash counting duties reconcile the bank account. If this is not possible, a non-signer should review the monthly bank statements, reconciliation report, cash tally sheets and deposit slips. Simply **requiring all these documents to be available at meetings is a huge deterrent to theft...** and if the documents are never available this is big red flag that something may be wrong.



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