



**BOOSTER CLUB  
PARENT ORGANIZATION  
GUIDELINES**

## **Introduction**

Community support organizations for extracurricular activities—or external Booster Clubs—are a valuable complement to the school’s athletic, music, and academic programs, as well as student class organizations( Student Activity accounts). Both external and internal activities often provide additional financial resources and enrichment for the programs they support. Every Booster organization at Boerne Independent School District (BISD) must be familiar with and conduct all its activities in compliance with requirements and limitations set out by the University Interscholastic League (UIL), Federal laws (IRS), State Laws and BISD Board Policy/Regulations in its Booster Club Guidelines.

## **Purpose of Booster Clubs**

Booster Clubs exist to assist and support the sponsor with extra and co-curricular activities. A Booster Club is responsible for supporting a student group, activity or program. Support may be as simple as providing refreshments for a particular event or support may be as complex as raising money for an out-of-state competition. The Booster Club works through the Sponsor to provide assistance for the planned activities of the student group; however, the Booster Club does not have the authority to decide the activities or trips in which the student group will participate. The parents and the Booster Club may provide suggestions about particular activities; however, the Sponsor is responsible for presenting the written request of the activity to the Principal. The final decision and approval is the Principal’s.

## **FORMATION OF ORGANIZATIONS**

Organizations must prepare and adopt bylaws and operating procedures and provide copies to the Principal and Business Office.

All booster and parent organizations must obtain a unique tax identification number on Form SS-4, Application for Employer Identification Number (EIN). Such organizations may not use the District’s tax identification number. (See GE Local and IRS website) [www.irs.gov](http://www.irs.gov)

Obtain federal tax-exempt status as a public 501(c)(3) charitable organization by applying on Form 1023, Application for Recognition of Exemption Under Section 501(c)(3), and obtaining a Letter of Determination from the Internal Revenue Service (IRS) that states the organization is tax-exempt from federal taxes. [www.irs.gov](http://www.irs.gov).

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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

Small tax-exempt organizations with annual gross receipts normally \$50,000 or less, may submit Form 990-N, *Electronic Notice (e-postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ*, with the IRS each year. The organization MUST file a Form 990-N, 990-EZ or Form 990 annually. Whatever form chosen is due by the 15<sup>th</sup> day of the fifth month after the close of the organization's tax year. Failure to file an annual report (Form 990-N, 990-EZ, or 990) for 3 consecutive years will automatically cause an organization to lose its tax-exempt status. To regain its exempt status, an organization will have to reapply for recognition as a tax-exempt organization. (IRS Publication 557) [www.irs.gov](http://www.irs.gov)

A nonprofit organization with an Internal Revenue Service (IRS) exemption under Section 501(c)(3), (4), (8), (10) or (19) is exempt from sales and franchise taxes. A booster club that has 501(c) federal exemptions should complete AP-204 ([www.window.state.tx.us/taxinfo/taxforms/ap-204.pdf](http://www.window.state.tx.us/taxinfo/taxforms/ap-204.pdf)) and submit it, along with a copy of its IRS exemption letter, to the Comptroller's office. After the Comptroller's office notifies the club of its exempt status, the club can hold two one-day tax-free sales or auctions each calendar year.

### **Background Checks**

Texas Education Code 22.053(d) and BISD Board Policy GKG (Local) requires all members of a booster club to be registered volunteers of the school district. Forms can be obtained from the school office or online at . The sponsor should assist in making sure that these forms are completed and turned in to the school office.

### **Audit Committee**

At the end of the fiscal year, an audit of the Booster Club's financial records should be conducted. The audit should be performed by individuals who are independent from day-to-day financial activities. Ideally, this audit should be performed by a group of three individuals; however, if the membership size does not allow, the audit may be performed by two individuals. Upon completion of the audit, the audit committee shall make a report to the general membership using the **Audit Report** (located in the back of this packet). Any discrepancies noted shall be brought to the attention of the president of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available as requested by the committee.

### **Fundraising and Accounting**

**Fundraising:** Financial assistance from Booster Clubs for the purchase of additional equipment, instruments, senior prom or supplies related to the programs the Clubs support is one of the most valuable roles that Booster Clubs provide. When a Booster Club makes a direct cash contribution to the school, the final decision on how the money will be used is up to the school. The school will be glad to receive your suggestions or recommendations for how the money should be spent, but the decision is ultimately a school decision, and it is not limited by that suggestion or recommendation. Before beginning any fund-raising activity, the president or

designated representative of a Booster Club must submit a written proposal along with the form entitled **Activity Fund Fundraising Application and Financial Recap** (located in the back of this packet) to the Student Activities Director that details the time period for the fund drive, the method by which the funds will be raised, whether or not students will be directly involved in the fund-raising and if so, how much student time will be involved as well as if it is a tax-exempt sale. The Student Activities Director or sponsor will review the proposal and meet with the Booster Club sponsor or representative to discuss any questions or concerns, including suggestions or recommendations for changes to the proposal. The Student Activities Director will review all fundraising proposals. The administration ordinarily will not authorize Booster Club fund-raising activities that will occur at school and potentially interfere with or detract from instructional time or that will require excessive student time outside of school. Booster Clubs will be allowed a two week period to sell their items on campus during lunches. This must be scheduled in advance with the Student Activities Director. Only fund-raising activities that have received the administration's written authorization may be conducted using the school name or mascot/logo. School names and related logos are owned by Boerne ISD and they are afforded various copyright and trademark protections. Boerne ISD must be consulted before any organization or individual uses those names or logos.

It is the policy of the school that funds received from Booster Club fundraising activities is used to benefit the student and school in an appropriate way. The use of individual accounts for members of District groups, Booster Clubs or any clubs is not allowed. UIL, Board Policy and the IRS have ruled that the setting up or tracking of individual participation or fundraising for any means is not allowed. Booster Clubs desiring to conduct a fundraising activity for a school program shall submit the completed "Activity Fund Fundraising Application (found at the end of this document) to the Principal at least 10 days prior to the event. No fundraising activities may begin until the Booster Club obtains approval from the Principal. All requests that involve the use of District employees and facilities must also be approved by the appropriate administrator.

### **Accounting:**

A Booster Club must establish and maintain a bank account in its own name and keep track of all revenues and expenses related to the Booster Club's activities. This account is not a school account and is not subject to audit by the district's internal or independent auditors. However, each Booster Club must file a financial statement annually in July with the Accounting Clerk. These statements are available for inspection or copying to any person who submits a written request to the Principal.

**Banking Information:** To open a bank account, the Booster Club must first obtain an Employer Identification Number (EIN) from the IRS. The Booster Club shall not use just the school's name on its checks or on its literature; it must include the name of the Booster Club. The Booster club cannot deposit any check made out to the school or District. If a Booster club receives a check made to the School or District without the Booster club name, it must be returned to the maker and reissued to the Booster Club. **DO NOT CASH OR DEPOSIT A CHECK MADE PAYABLE TO THE SCHOOL OR DISTRICT.**

The use of the school name might imply that the school or the District is responsible for any obligations entered into by the club. It must include the Booster Club's name on the bank account. It is suggested that at least two officers sign each disbursement. Both signers should be parents or guardians with children in the affiliate Booster Club. **School district employees may not be the signer on Booster Club bank accounts for their own campus or programs they are the sponsor for.** All funds received should be receipted and deposited on a weekly basis. Commingling of Booster Club funds and school activity funds is prohibited. School

employees may not accept loans of funds from parents and student organizations. The Treasurer should reconcile the bank statement monthly and prepare a monthly financial report to the Building Principal.

### **Financial Reporting:**

At a minimum, the organization's membership should be provided with a financial statement and bank reconciliation at each meeting. The financial statement should provide a comparison of budgeted versus actual expenditures and receipts. Cash receipts and disbursement reports should be available for review when needed and at the annual audit. District GASB Statement No. 39 of the Governmental Accounting Standards Board requires the District to obtain and review financial performance information of supporting organizations to determine whether these organizations should be considered a component unit. To this end, Booster Clubs are required to submit to the Executive Board mid-year and end-of-year financial statements. End-of-year financial statements should be submitted to the Finance Office and a copy to the Principal.

### **Audit:**

An audit is an examination of the financial records of the Booster Club. It assures that all income and expenditures are accounted for and consistent with the budget and goals for the year. It also verifies that the bank balance and ledger balance are reconciled. The audit is to protect the Booster Club officers and the organization. An audit should be conducted at the end of the organization's fiscal year, when there is a change in treasurer, and when there is a change in any officer who signs Booster Club checks. An audit may be conducted by an outside party, such as a CPA or an audit committee. The audit committee should be comprised of at least two members of the Booster Club (not the President, Treasurer or a School Employee).

### **Sales Tax:**

Booster Clubs are not generally exempt from state sales tax laws. A Booster Club can sell tickets to an annual banquet or food sale without collecting sales tax, provided the members prepare, serve, and sell the food. Booster Clubs may also sell meals and food products (including candy and soft drinks) without collecting sales tax when all the net proceeds of the sale go to the Booster Club for its use in supporting school activities. Booster Clubs are responsible for obtaining necessary information from the Texas Comptroller of Public Accounts to make sure that they are collecting and accounting for state sales tax when that collection is required.

### **Sales Tax Exemption:**

A Booster Club may apply for a Sales Tax Exemption from the Texas Comptroller of Public Accounts. A nonprofit organization with an Internal Revenue Service (IRS) exemption under Section 501(c)(3), (4), (8), (10) or (19) is exempt from sales and franchise taxes. A booster club that has 501(c) federal exemptions should complete AP-204 ([www.window.state.tx.us/taxinfo/taxforms/ap-204.pdf](http://www.window.state.tx.us/taxinfo/taxforms/ap-204.pdf)) and submit it, along with a copy of its IRS exemption letter, to the Comptroller's office. After the Comptroller's office notifies the club of its exempt status, the club can hold two one-day tax-free sales or auctions each calendar year.

## **Financial and Legal Responsibility:**

The school and/or district are not liable or responsible for any contracts or expenditures made by a Booster Club. Agreements for the purchase of goods or services to be resold for fundraising are the responsibility of the Booster Club entering the agreement, including snack foods and drinks purchased for re-sale at concession stands during athletic events. **We strongly encourage any Booster Club to obtain legal assistance before authorizing or signing any agreement or contract in the Booster Club's name:**

The district will not expend school district funds, including student activity funds, to pay any amounts due under such agreements or to represent a Booster Club in any legal action that may arise from the Club's activities. Booster Clubs are support organizations. Coaches and sponsors of extracurricular activities are school employees. Coaches and sponsors are answerable only to their immediate supervisors and ultimately to the Superintendent, who has sole and final authority in the district for all non-UIL activities. The Superintendent and the Board of Trustees has final authority in matters related to extracurricular activities.

501(c)(3) organizations are legal entities independent of the Boerne ISD and as a result they are not afforded the protection of any insurance by the Boerne ISD and are not afforded immunity under the law like school districts. The officers or directors of those entities will want to consult their own attorneys or insurance agents to discuss what insurance is best suited for their organization. Insurance considerations may include directors' and officers' liability coverage, theft or loss of funds coverage, medical coverage, and special events coverage. For example, consideration should be given to situations where someone may be hurt or injured during a fund-raising event. Again, the Boerne ISD cannot give insurance advice and cannot assist with the processing of insurance claims on behalf of the support organization.

## **UIL GENERAL GUIDELINES**

[www.uiltexas.org](http://www.uiltexas.org)

### **The role of competition**

Participation teaches that it is a privilege and an honor to represent one's school. Students learn to win without boasting and to lose without bitterness. Self-motivation and intellectual curiosity are essential to the best academic participants. Artistic commitment and a desire to excel are traits found in music participants. Physical training and good health habits are essential to the best athletes. Interscholastic competition is a fine way to encourage youngsters to enrich their education and expand their horizons. Leadership and citizenship experiences through school activities help prepare students for a useful and wholesome life.

## **Role of the Superintendent**

Member schools make UIL rules and determine policies regarding penalties to schools, school district personnel and student participants. The superintendent is solely responsible for the entire UIL program. All school activities, organizations (including the booster club), events and personnel are under the jurisdiction of the superintendent. Booster clubs must recognize this authority and work within a framework prescribed by the school administration.

## **Role of Booster Clubs**

Neighborhood patrons form booster clubs to help enrich the school's participation in extracurricular activities. The fund-raising role of booster clubs is particularly crucial in today's economic climate.

## **Written Policies**

Booster clubs should develop and annually review policies to cover:

- how to obtain administrative approval before beginning projects;
- how to plan and publicize meetings;
- bookkeeping and fund administration including process to obtain superintendent's approval prior to raising or spending funds;
- election of officers (suggestion: one president; one secretary; one treasurer; and three vice - presidents: one vice president to oversee fall, winter and spring sports);
- taking, distributing and filing minutes;
- public communication;
- proper interaction with fine arts directors and academic and athletic coaches through the lines of authority as established by the school board;
- a sportsmanship code governing behavior of booster club members and fans at contests, treatment of officials, guests, judges, etc.; and
- plans to support the school regardless of success in competition, keeping the educational goals of competition at the forefront of all policies.

## **Relationship with the school**

The superintendent or a designee who does not coach or direct a UIL contest has approval authority over booster clubs and should be invited to all meetings. All meetings should be open to the public.

Booster clubs do not have authority to direct the duties of a school district employee. The scheduling of contests, rules for participation, methods of earning letters and all other criteria dealing with inter-school programs are under the jurisdiction of the local school administration.

- Minutes should be taken at each meeting and kept on file at the school.
- School administration should apprise booster clubs of all school activities.
- Booster clubs should apprise school administrators of all club activities.

- Periodic financial statements itemizing all receipts and expenditures should be made to the general club membership and kept on file at the school.

## | CLUB FINANCES |

### Fundraising | Spending | Stipends | Gifts to Coaches

Money given to a school cannot be earmarked for any particular expense. Booster clubs may make recommendations, but cash or other valuable consideration must be given to the school to use at its discretion.

- Fund-raising projects are subject to state law. Nonprofit or tax-exempt status may be obtained from the Internal Revenue Service.
- Community-wide sales campaigns should be coordinated through the school administration to minimize simultaneous sales campaigns.
- Sales campaigns should be planned carefully to insure that the projects provide dollar value for items sold, and that most of the money raised stays at home. Otherwise donations are often more rewarding than letting the major part of the money go to outside promoters.
- Fund-raising activities should support the educational goals of the school and should not exploit students. Activities and projects should be investigated carefully before committing the school's support.
- Individuals who actively coach or direct a UIL activity should serve in an advisory capacity to the booster club and should not have control or signature authority over booster club funds, including petty cash or miscellaneous discretionary funds. Coaches wish-lists should have received prior approval from school administration before submission to boosters.
- Coaches and directors of UIL academics, athletics and fine arts may not accept more than \$500 in money, product or service from any source in recognition of or appreciation for coaching, directing or sponsoring UIL activities. The \$500 limit is cumulative for a calendar year and is not specific to any one particular gift.
- The district may pay a stipend, fixed at the beginning of the year, as part of the annual employment contract. The amount of the stipend can't depend on the success of a team or individual. In other words, a coach can't receive more money if a team or individual qualifies to region or state.
- Funds are to be used to support school activities. To provide such funding for non-school activities would violate UIL rules and the public trust through which funds are earned.

## | ATHLETIC BOOSTERS |

### Club restrictions

Booster clubs cannot give anything to students, including awards. Check with school administrators before giving anything to a student, school sponsor or coach. Schools must give



prior approval for any banquet or get-together given for students. All fans, not just members of the booster club, should be aware of this rule. It affects the entire community.

- Unlike music and academic booster clubs, athletic booster club funds shall not be used to support athletic camps, clinics, private instruction or any activity outside of the school.
- Booster groups or individuals may donate money or merchandise to the school with prior approval of the administration. These kinds of donations are often made to cover the cost of commercial transportation and to cover costs for out-of-town meals. It would be a violation for booster groups or individuals to pay for such costs directly.
- Individuals should be informed of the seriousness of violating the athletic amateur rule.
- The penalty to a student-athlete is forfeiture of varsity athletic eligibility in the sport for which the violation occurred for one calendar year from the date of the violation. Student athletes are prohibited from accepting valuable consideration for participation in school athletics - anything that is not given or offered to the entire student body on the same basis that it is given or offered to an athlete. Valuable consideration is defined as tangible or intangible property or service including anything that is usable, wearable, salable or consumable. Local school districts superintendents have the discretion to allow student athletes to accept, from their fellow students, small 'goodie bags' that contain candy, cookies or other items that have no intrinsic value and are not considered valuable consideration.
- Homemade "spirit signs" made from paper and normal supplies a student purchases for school use may be placed on the students' lockers or in their yards. Trinkets and food items cannot be attached. Yard signs made of commercial quality wood, plastic, etc. if not purchased or made by the individual player's parent, must be returned after the season.
- The school may provide meals for contests held away from the home school. If the school does not pay for meals, the individual parents need to purchase their own child's food. Parents may purchase anything they wish for their own child but may not provide food for their child's teammates unless approved by the school. The school may also provide supplies for games and practices and transportation for school field trips. Students should pay admission fees during school field trips.
- Parties for athletes are governed by the following State Executive Committee interpretation of Section 441 of the UIL Constitution & Contest Rules.

Official Interpretation of the UIL Athletic Amateur Rule, section 441 of the UIL Constitution and Contest Rules:

(a) VALUABLE CONSIDERATION SCHOOL TEAMS AND ATHLETES MAY ACCEPT:

1. Pre-Season. School athletic teams may be given pre-season meals, if approved by the school.
2. Post-Season. School athletic teams may be given post-season meals if approved by the school. Banquet favors or gifts are considered valuable consideration and are

subject to the Awards and Amateur Rules if they are given to a student athlete at any time.

3. Other. If approved by the school, school athletic teams and athletes may be invited to and may attend functions where free admission is offered, or where refreshments and/or meals are served. Athletes or athletic teams may be recognized at these functions, but may not accept anything, other than food items, that is not given to all other students.

#### (b) ADDITIONAL VALUABLE CONSIDERATION THAT SCHOOL TEAMS AND ATHLETES MAY ACCEPT

Examples of additional items deemed allowable under this interpretation if approved by the school, include but are not limited to:

1. meals, snacks or snack foods during or after practices;
2. parties provided by parents or other students strictly for an athletic team

Local school district superintendents continue to have the discretion to allow student athletes to accept small “goodie bags” that contain candy, cookies or other items that have no intrinsic value and are not considered valuable consideration.

#### | ACADEMIC BOOSTERS |

The rules for athletics are different than the rules for academics and music. Athletes are restricted by the Athletic Amateur Rule, which states that athletes cannot accept money or valuable consideration for participating in a UIL sport or for allowing their names to be used in promoting a product, plan or service related to a UIL contest. Academics has no amateur rule. Journalism participants may work for a newspaper and be paid. Actors may work summer stock and be paid. Students may win calculators and software for participating in invitational math contests.

UIL academic students are restricted by the Awards Rule. So, as a general practice, booster clubs should not give gifts or awards to students for their participation in UIL contests that count toward district, region or state standing. School booster clubs may raise money to purchase letter jackets, provided the funds are given to the school without designation to buy jackets for particular students and the school determines criteria for awarding the jackets. Parents may purchase jackets for their own children provided the school designates the student as being qualified to receive the jacket.

Booster Clubs may raise money to provide an annual banquet for academic participants and coaches.

With prior administrative approval, you may also:

- Purchase equipment for programs such as computers or software for yearbook or computer science;

- Organize and chaperone trips and assist with expenses for travel to academic competitions or educational trips such as journalism conventions or speech tournaments. Booster club funds may be used to provide food and refreshments for students on these trips. A purely recreational trip to Six Flags over Texas would not meet the definition of an educational field trip and could be considered a violation of the Awards Rule;
- Run tournaments, organize fund-raising efforts, recruit corporate donors, raise money for scholarships and arrange for tutors and professional trainers to work with students;
- Fund academic workshop scholarships provided selection of the recipients is not based solely on their success in interscholastic competition. Selection could be based on grade point average or the student's selection of high school courses. All students meeting the conditions for scholarship assistance should be notified and eligible for financial assistance. Funds should be monitored to ensure that they are expended for camp or workshop purposes.

We wish we had more academic booster clubs, whether they cover UIL academic competition in general or specific programs such as theatre, speech/debate, journalism or math/science. A great need exists for parental involvement and support.

#### | MUSIC BOOSTERS |

In addition to the general procedures outlined, the following guidelines apply to Music Booster Club activities.

- Some music booster clubs assist with expenses for travel to various music-related activities such as UIL contests and performances at away athletic events. Such financial support violates no UIL rules provided that it is approved and coordinated by the local school district.
- Many music groups schedule educational field trips with the approval of the local school administration and under local school district policies. For such trips, specific educational components must be included such as performing for a music festival, an adjudicated contest or a concert tour. Marching performances such as the Macy's Thanksgiving Day Parade, the Rose Bowl Parade or other similar ceremonial appearances also qualify. However, educational components need not be limited to performances. Concert attendance, visiting university/conservatory music facilities and other music related, non-performing opportunities would also be appropriate if approved by the local school district.
- A recreational trip, on the other hand, would not meet the definition of an educational field trip as provided in Section 480 of the UIL Constitution and Contest Rules. Students receiving the benefits of a purely recreational trip would likely be in violation of the Awards Rule.
- Booster Clubs may also fund scholarships for private lessons and summer music camps provided the selection of the recipients is not based on success in interscholastic competition. Funds for such activities should be carefully monitored to ensure that they are expended for educational rather than recreational activities.
- The awarding of patches, T-shirts or other items for achievement in interscholastic competition would be subject to the UIL Awards Rule. In order to protect all music students'

eligibility, such awards should be approved and administrated by the local school district in accordance with school district policies.

- Be mindful of the fact that there is no Music Amateur Rule. Therefore, limitations established in athletics intended to ensure compliance with the Athletic Amateur Rule do not apply to music programs and related activities.

#### | URBI UNRELATED BUSINESS INCOME TAX |

In most cases the sale of advertising for the purpose of generating income is unrelated to an organization's exempt purposes and would, if not otherwise excluded, generate unrelated business taxable income. Most booster clubs rely heavily on volunteer labor which may result in the exclusion of this activity from the definition of unrelated trade or business under IRC 513(a)(1). For a more detailed discussion of the volunteer workers exception, see the 1982 CPE beginning on page 124.

The sale of grocery store coupons, coupon books and other discount promotions as well as casino nights and auctions may raise questions concerning the taxability of the income produced, as may the presence of charitable gambling and bingo. For further discussion regarding charitable gambling, see page 292 of the 1990 CPE.

Organizations conducting such fund-raising events should be aware of not only the unrelated business income tax consequences of their activities but also their obligation to assist their donors in determining the proper tax treatment of their contributions. Such organizations, in advance of the sale or event, should determine the fair market value of the benefit received and state it in their fund-raising materials such as solicitations, tickets, and receipts, in such a way that donors can determine how much is deductible and how much is not.

***THIS DOCUMENT IS A GUIDE TO BE USED BY BOOSTER CLUBS  
THAT ARE ASSOCIATED WITH BOERNE ISD.***

## CONTACTS

### STATE

#### OFFICE OF THE ATTORNEY GENERAL

[www.oag.state.tx.us](http://www.oag.state.tx.us)

Public Information & Assistance

1-800-252-8011

#### TEXAS SECRETARY OF STATE

[www.sos.state.tx.us](http://www.sos.state.tx.us)

512-463-5555

#### TEXAS STATE COMPTROLLER'S OFFICE

[www.window.state.tx.us](http://www.window.state.tx.us)

[www.window.state.tx.us/taxinfo/taxpubs/tx94\\_183.pdf](http://www.window.state.tx.us/taxinfo/taxpubs/tx94_183.pdf)

Exempt Organizations Department

Austin Office

1-800-252-5555

512-463-4600

#### UNIVERSITY INTERSCHOLASTIC LEAGUE (UIL)

[www.uil texas.org](http://www.uil texas.org)

512-471-5883

### FEDERAL

#### INTERNAL REVENUE SERVICE (IRS)

[www.irs.gov](http://www.irs.gov)

Tax Exempt Organizations

Tax Forms and Publications

1-800-829-1040

1-877-829-5500

1-800-829-3676



# ATTORNEY GENERAL OF TEXAS GREG ABBOTT

## Charities & Nonprofits: Charitable Raffles

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.

A raffle is defined 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.

In general, a qualified organization is:

- a. A nonprofit 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 fire-fighting equipment, provides fire-fighting services, 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.

The language of the law is very technical. If your organization is considering holding a raffle you should check the [statute](#) to be sure it qualifies.

### Prizes Offered and Proceeds from Ticket Sales

A qualified 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 ownership 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.

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

### Restrictions

A qualified organization is not required to register with the State before conducting a raffle. However certain restrictions apply.

### CHARITIES & NONPROFITS:

[Complaints & Enforcement](#)  
[Giving to Charities](#)  
[Registration & Filings](#)

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[Restrictions](#)  
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#### ATTORNEY GENERAL COLUMNS:

[Charity-related Columns](#)

#### MORE INFORMATION: [Charitable Raffles Act](#)

[Raffles and Casino/Poker Nights  
in Texas Frequently Asked  
Questions](#)

- ¼ A qualified organization may hold only two raffles per calendar year and only one raffle at a time.
- ¼ Raffle tickets may not be advertised statewide or through paid advertisements. Each raffle ticket must state: 1) the name of the organization conducting the raffle; 2) the address of the organization or of a named officer of the organization; 3) the ticket price; 4) a general description of each prize having a value of more than \$10; and 5) the date on which the raffle prize(s) will be awarded.
- ¼ No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets.

### **Penalties and Enforcement**

Only raffles held according to the terms of the Charitable Raffle Enabling Act are authorized raffles. The law is Chapter 2002, Occupations Code, Texas Codes Annotated.

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.

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.

Please understand that this office cannot advise you about whether a proposed raffle would be authorized under the law. If you have specific questions about the law, you should consult a private attorney.

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*Revised: December 09 2010*





## Office of the Attorney General State of Texas

May 18, 1990

Dr. W. N. Kirby Commissioner of Education Texas Education Agency 1701 North Congress Ave. Austin, Texas 78701-1494	<b>Opinion No. JM-1176</b>  Re: Authority of an independent school district to conduct a raffle (RQ-1949)
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Dear Dr. Kirby:

You ask whether an independent school district is authorized to organize and conduct a raffle under the Charitable Raffle Enabling Act (hereinafter the act), article 179f, V.T.C.S., and alternatively, if an affiliated organization, such as a parent-teacher association, can do so.

The act was passed pursuant to a recent amendment to article III, section 47, of the Texas Constitution. That constitutional amendment, adopted by the state electorate on November 7, 1989, authorizes the legislature to permit certain charitable organizations to conduct raffles for charitable purposes. Tex. Const. art. III, s 47(d). The constitutional provision requires that all proceeds from the sale of raffle tickets be spent for the organization's charitable purposes. It also requires that only members of the charitable organization may conduct, promote, and administer the raffle.

The constitution expressly names certain types of organizations as being authorized to conduct charitable raffles. Those are "a qualified religious society, qualified volunteer fire department, qualified volunteer emergency medical service, or qualified nonprofit organizations." Id.

Notably, the constitutional list contains no public corporations or political subdivisions. We believe that independent school districts are not authorized to conduct charitable raffles.

The act further defines the qualified organizations that are permitted to conduct raffles. V.T.C.S. art. 179f, ss 2, 6. Because it is obvious that an independent school district is not included in any of the first three types of qualified organizations, we look only to section 6 of the act, which defines "qualified nonprofit organizations." The common thread among these organizations is that they must qualify for and have obtained an exemption from federal income tax under section 501(c) of the Internal Revenue Code. Id. s 6(a)(4), (b)(4), (c)(4).

Section 501(c) of the Internal Revenue Code grants tax exempt status to, among others, certain corporations, civic leagues, fraternal societies, cemetery companies, and trusts. 26 U.S.C. s 501(c). Again, there are no political subdivisions or public corporations among those organizations that are granted tax exempt status. Therefore, we believe that independent school districts are not authorized to conduct charitable raffles under the Charitable Raffle Enabling Act.

We cannot finally answer your alternate question, whether a parent-teacher association is authorized to conduct a raffle under the act, because we have no facts about particular organizations. However, we note that there is express indication of legislative intent that parent-teacher associations are included in the act. The sponsor of both the joint resolution proposing the constitutional amendment and the act itself specifically mentioned parent- teacher associations as being one kind of organization that the act would permit to hold raffles. The Texas Charitable Raffle Enabling Act: Hearings on Tex. H.J.R. 32 and H.B. 240 before the House Comm. on State Affairs, 71st Leg. (March 13, 1989) (tape available at House Technical Services).

As you note in your letter, the act includes the enhancement of the opportunity for educational advancement as a charitable purpose for which raffles may be held. V.T.C.S. art. 179(f), s 2(a)(2)(A). We assume that enhancement of educational opportunities is at least one of the purposes of a parent-teacher association. A PTA may qualify under the terms of section 6 of the act, if it meets not only the charitable purposes test but also meets the qualifications, including tax exempt status, mandated in section 6.

## SUMMARY

Independent school districts are not qualified to hold charitable raffles under the Charitable Raffle Enabling Act, article 179f, V.T.C.S. A parent- teacher association may be qualified to hold such raffles if it meets the requirements of the act.

Very truly yours,



Jim Mattox  
Attorney General of Texas

Mary Keller  
First Assistant Attorney General

Judge Zollie Steakley  
Special Assistant Attorney General

Renea Hicks  
Special Assistant Attorney General

Rick Gilpin

RELATIONS WITH PARENT ORGANIZATIONS

GE  
(LOCAL)

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 principal or other appropriate administrator identified in administrative regulations. [See CDC(LOCAL) for District acceptance of gifts and solicitations]

**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.

**Internal / External Organizations**

The District recognizes both internal and external parent-teacher/booster organizations. Internal organization groups raise funds and volunteer to support the students, teachers, and usually a specific campus. Funds raised by internal organizations are deposited into the principal activity accounts and are accounted for by the District. Internal organizations are considered a part of the District and may use the District's tax-free purchasing power.

An external organization deposits its funds into a bank account that is controlled by the external organization's board and is responsible for any and all necessary local, state, and federal requirements. External organizations are not considered a part of the District and shall not use the District's tax-free purchasing power.

**External Parent-Teacher/Booster Organizations**

Each external parent-teacher/booster organization shall have a written constitution and/or bylaws governing its operations. Additionally, each external parent-teacher/booster organization shall obtain formal nonprofit status in accordance with IRS code 501(c)(3), obtain and maintain its own federal identification number, and obtain a state of Texas sales tax number. A copy of the above shall be filed with the District's business office.

Each parent-teacher/booster organization shall keep financial records of its receipts and disbursements and shall report said finances no less than quarterly to the organization's membership. Each organization shall submit to the District's business office and the campus principal the organization's financial activity overview, no later than the 30th day after the organization's fiscal year ends, on a form provided by the District's business office.

# EXTERNAL PARENT ORGANIZATIONS

## Fund Raiser Application & Authorization

Campus: \_\_\_\_\_ Organization Name: \_\_\_\_\_

### Fund Raiser Information:

A. What type of merchandise or service will be sold or provided? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

B. How will the merchandise or service be sold or provided (e.g. catalog sales, Individual sales to students on campus, prepaid orders, etc.)?

\_\_\_\_\_  
\_\_\_\_\_

C. Vendor Name: \_\_\_\_\_ Representative: \_\_\_\_\_

Address: \_\_\_\_\_ Phone No. \_\_\_\_\_

\_\_\_\_\_

D. Fund raiser will be conducted from \_\_\_\_\_ to \_\_\_\_\_  
(Month/Day/Year) (Month/Day/Year)

E. Funds generated will be used for \_\_\_\_\_

\_\_\_\_\_

Projected Sales & Expenses:

Total Projected Sales \$ \_\_\_\_\_

Total Projected Expenses \$ \_\_\_\_\_

Projected Net Profit \$ \_\_\_\_\_

**Parent Organization's Officer Certification: I hereby certify that our organization will follow BISD Board Policy and submit financial statements within 30 days of the organization's year end to the BISD Business Office.**

Officer's Title \_\_\_\_\_

Officer's Signature \_\_\_\_\_ Date \_\_\_\_\_

BISD Sponsor Signature \_\_\_\_\_ Date \_\_\_\_\_

Authorization:  Approved  Disapproved

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

**BOERNE INDEPENDENT SCHOOL DISTRICT  
BOERNE, TEXAS**

Board Policy GE (Local) Exhibit A

**EXTERNAL PARENT-TEACHER AND BOOSTER ORGANIZATION  
FINANCIAL ACTIVITY OVERVIEW**

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

School Affiliation: \_\_\_\_\_

Report of Activities for the Calendar/School Year Ended \_\_\_\_\_  
(Date)

President: \_\_\_\_\_ Telephone # \_\_\_\_\_

Vice President: \_\_\_\_\_ Telephone # \_\_\_\_\_

Treasurer: \_\_\_\_\_ Telephone # \_\_\_\_\_

Federal Identification Number: \_\_\_\_\_

(This number must not be the school district's tax identification number.)

**-----Required-----**

**Attachments to be included are: a detailed income and expense report for the year, a copy of the year end bank statement and a year end bank reconciliation. This form must be signed by the required individuals.**

\*\*\*\*\*

Cash given by the Parent-Teacher / Booster Club to the School or Student Group: \$ \_\_\_\_\_

Market value of gifts given by the Parent-Teacher / Booster Club to School or Student Group: \$ \_\_\_\_\_

Total contributions from Parent -Teacher / Booster Club: \$ \_\_\_\_\_

**PLEASE LIST INDIVIDUALS AND AMOUNTS ON A SEPARATE SHEET.**

\*\*\*\*\*

Total Gross Receipts for the Year Ended: \$ \_\_\_\_\_

(This amount should reflect all revenues and all funds received before any expenses were paid.)

Note: A review by the organization's executive committee is required or an outside auditor's report must be attached to these forms.

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

School Affiliation: \_\_\_\_\_

\*\*\*\*\*

**REPORT OF ACTIVITIES FOR THE SCHOOLYEAR ENDED:**

Cash at the beginning of the year	\$ _____
Total amount of money raised/received during the year	\$ _____
Total amount of money spent during the year	\$ _____
Cash at the end of the year	\$ _____

**Schedule A (Income)**

Fund Raisers during the Year

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Were all deposits made intact? (Without cash paid out's)      Yes      No

**Schedule B (Expenditures)**

Fund Raisers during the Year

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Were all expenditures made by check:      Yes      No

**The above organization has complied with the District's Board Policies, UIL rules, and applicable Federal and State laws.**

Approved: President \_\_\_\_\_ Date \_\_\_\_\_

Approved: Treasurer \_\_\_\_\_ Date \_\_\_\_\_

Approved: Principal \_\_\_\_\_ Date \_\_\_\_\_

This report is required to be filed within 30 days after the parent-teacher booster organization's fiscal or calendar year end: Board Policy GE: (Local). Please send a copy to The Business Office and to the respective Principal's office.