

PINE-RICHLAND UNIFIED BOOSTER ORGANIZATION

Financial Notebook for PRUBO Member Booster Groups

Disclaimer:

Efforts are made to update the material to reflect accurate information. The information and samples provided should not be considered legal or tax advice. It is the responsibility of the individual booster groups to ensure that their processes, procedures, record keeping and filings are consistent with local, state and Federal laws and regulations. The Pine-Richland Unified Booster Organization nor the Pine-Richland School District will be held liable for any direct, indirect or consequential losses and/or damages resulting from the use of this document.

Financial Notebook for Booster Groups

Your organization is now part of our PR Unified Booster Organization, a non-profit organization. With that, comes responsibilities and you will be required to perform certain financial tasks in order to allow the group to maintain our non-profit status.

Because our organization is a non-profit business entity, you will need to place certain controls and parameters around your finances. The following will serve as a guide to help you navigate this non-profit status. This guide will explain the financial controls you need to put into place and ensure you are working within the parameters outlined by the IRS for non-profit organizations.

Please read the following carefully, and share with your respective organization's board of directors.

It is necessary for your organization to set up a process to maintain important records to be passed along and kept each year. These will be needed in the event of an IRS audit and will be used by future board of directors. **All records should be retained for a minimum of 4 years, including the current year.**

Below, you will find pertinent information on main areas that your organization will be required to fulfill in order to maintain your status as a member group under the Pine-Richland Unified Booster Organization (PRUBO) and maintain your group's non-profit status.

I. General Financial Controls

Segregation of duties, surrounding financial transactions are to include, but not limited to, the following:

- Dual signatures on withdraws (checks) – see individual booster bylaws for exact limits (ranging from amounts over \$0 - \$250).
- No Debit, credit or other electronic means of payments are permitted.
- Checks and cash are to be deposited in a timely fashion.
- Appropriate transaction forms are to be completed BEFORE being sent the treasurer (check requests, reimbursement requests, check detail forms, deposit forms, concession/cash forms). Receipts MUST be attached to reimbursements and check requests.
- Money's from concessions, t-shirt sales, gate fees, etc., should be tracked on appropriate forms and should be counted & signed off by 2 people before handing to treasurer for deposit.
- Bank statements are to be reconciled monthly to ensure no discrepancies.
- Checks should NEVER be pre-signed. Before signing a check, officers should confirm the check details are accurate and supported.

II. Contracting with Coaches, Trainers, Videographers

Booster groups will not have paid employees. There will likely be times when the group would like to contract with a vendor for services. These types of services include, but are not limited to the following:

- Additional Coaches
- Trainers

- Videographers

These types of vendors will provide the group with a service and will be considered as *Independent Contractors*. You will need to provide the independent contractor a basic contract (see Appendix 1), which includes:

- Description of Service
- Payment amount
- Statement that the vendor/coach is an independent contractor and responsible for all taxes.
- Time frame for services
- Signature from an approved signor for the vendor

These contracts will be used for services being provided during pre-season or in season, assuming the booster or group is paying for the services.

A. W-9 and 1099-Misc/1096 forms

What are these forms?

- A W-9 (Appendix 2) provides you with information regarding your contractor/coach.
- A 1099-Misc (Appendix 3) form is filed by your group if a contractor is paid over \$599 by your group during a calendar year. This form is then sent to the IRS and a copy is also sent to the contractor (by the end of January) for use in filing their tax returns. *Please note, these need to be filed for the calendar year by the end of January, in time that contractors can use to file their yearly taxes.*
- 1096 – A summary form which compiles the 1099-Misc forms you have completed.

A W-9 form is used for tax filing purposes. This form is used to obtain information from a person who you may be hiring or an independent contractor you are using. The W-9, or Request for Taxpayer Identification Number and Certification form, will provide your group with personal information such as the contractor/coaches name, address, social security number, etc.

The information on this form will be kept secure by your Treasurer. It does not need to be sent in to the IRS. The information on the W-9 will be used later in order to fill out the 1099-Misc form.

The W-9 form is an important tool for you to gather information about independent contractors. Verifying the information on this form and keeping it up to date will ensure you have the correct personal information on file when it comes time to file taxes and send out the 1099-Misc forms.

Each independent contractor, or anyone your group pays more than \$599 (50/50, raffles, etc.) will need to fill out a W-9. This should be done as early as possible, ideally during the time of hire, or contract signing or prize award. If a contractor is taking forever to get the W-9 form back, don't be shy about nagging. A W-9 form should be available for prize winners to complete at the time the prize is being disbursed. Regardless of whether the W-9 is completed by the contractor, you will still file a 1099-Misc form, using the information you have about the vendor.

- At the time of discussions around contracting with a coach or independent contractor, you should inform them that they need to provide **you** the W-9 Form, **not** the IRS.

- If a contractor earns more than \$599 from you during the tax year, you will need to report his or her income using a 1099 form. You can download one of these from the IRS website and fill out the 1099-Misc using the information provided in the W-9.
- Submit one copy of the 1099 to the IRS and one copy to the contractor. The coach or contractor will need this form in order to file their taxes.
- A copy of the completed 1099-Misc forms are to be sent to the IRS, along with a 1096 form, which is a summary form of the filed 1099-Misc forms. These can also be ordered from the IRS when ordering the 1099-Misc forms.

III. Expense Documentation

All Income and Expenses for your group need to be recorded and accounted for. In order to help you better track and document your expenses and particularly, reimbursement of expenses, your members need to use the following forms or something similar:

- Reimbursement of Expenses Form (Appendix 4)
- Check Request Form (Appendix 5)
- Check Listing Form (Appendix 6)
- Deposit Form (Appendix 7)

These forms will provide the necessary documentation of substantiating all incoming and outgoing funds within your checking account.

- A. Reimbursements - Before processing reimbursements or check requests, original receipts or proof of services must be provided and attached to the appropriate forms (Appendix 4 & 5).
Note: Alcoholic beverages cannot be reimbursed.
- B. Deposit Form and Check Listing – All deposits should be document with a form (Appendix 7). If necessary, a Check List (Appendix 6) should accompany the Deposit Form. The deposit slip should be attached to the form(s) for your records.

IV. Financial Spreadsheet (Appendix 8)

Your group should use a financial spreadsheet to clearly outline your financial transactions for the fiscal year. We are recommending the attached version, which will be very clear for anyone, members or non-members to ascertain your financial status. This spreadsheet displays side-by-side income and expenses for each category within your budget. Any format which clearly displays up-to-date financial tracking may be used.

V. Financial Audit

At the end of every fiscal year (fiscal year is July 1 – June 30), your group will be required to conduct a financial audit. This is required by the IRS, PR School District (Policy 915) and PRUBO. This is to confirm your records and accounts are up to date and accurate and contain no discrepancies. *This is for the protection of all associated with your group.*

As stated in your groups By-Laws, the audit/review can be performed by an Independent Licensed Professional (CPA) or by 3-5 members of your group, who are NOT on your board of directors or related to any board member.

The June bank statements should be received by mid-July and the following information will need to be provided to the auditor(s) to begin the review process:

- Prior year audit report
- Bank Statements for July 1-June 30
- Checking Account Register for July 1- June 30
- Savings Account Information (if applicable)
- Monthly reconciliation of bank statements documentation (previously performed by the treasurer)
- Copy of your Financial Statements, including beginning and ending balances
- Copies of all W-9 and 1099-Misc forms (if applicable)
- List of any end of year Outstanding Checks
- End of Year Outstanding Receivables or Invoices not received by June 30th
- Reimbursement Forms, Deposit Forms, Check requests and cash count forms for the year
- Contracts for Services that required monthly payments

The auditors should be provided with this information and conduct the audit without interference from any board member. If the auditors have questions, they can then contact the board. The information you are providing should be organized in such a way that *anyone* at any time can review it and understand your groups' financial status.

The auditors are confirming the following (see Appendix 9 for check list):

- Bank register matches the bank statements
- Statements are reconciled each Month
- All expenses can be supported with receipts
- All income is documented and reflected in the bank statement
- All checks have two signatures as required in the organizational bylaws
- Any carryover amount required by the bylaws is available
- W-9's received and any 1099 Forms needing to be filed are identified
- Confirmation that any issues raised in the prior year's audit were corrected
- Expenses are within approved budget guidelines or any necessary member vote was conducted prior to a large non-budgeted expenditure, according to the bylaws

A copy of your **signed audit letter** (Appendix 10) outlining any findings and corrective action recommendations needs to be furnished, no later than September 1st to the following:

- PRSD HS Principal (activity) or Athletic Director (sports booster)
- PRUBO - prubopres@gmail.com

VI. Annual Federal Tax Returns

As with any business entity, each group will need to file an Annual Tax Return, even though you are now exempt from paying taxes. Which form to use will depend on your **gross receipts**.

A. What are Gross Receipts?

Gross receipts are the total revenue from all sources in a fiscal period, and does not account for any expenses.

B. When are the Tax filings due?

Your treasurer will be required to file taxes on or before **November 15th**. A copy is to be turned into the PRUBO Treasurer by **November 15th**.

C. Which Form(s) are used?

Depending on your groups gross receipts your treasurer will need to file an IRS Form 990, 990-N (postcard) or 990-EZ.

Status	Form to File	Instructions
Gross receipts normally ≤ \$50,000 Note: Organizations eligible to file the <i>e-Postcard</i> may choose to file a full return	990-N	n/a
Gross receipts < \$200,000, and Total assets < \$500,000	990-EZ or 990	Instructions
Gross receipts ≥ \$200,000, or Total assets ≥ \$500,000	990	Instructions

(Courtesy of IRS.gov)

1. **990-N Form** – Most groups will be filing this postcard form. This is an online only form. The following information will be needed in order to complete:
 - EIN #
 - Legal Name and Address (from EIN Form)
 - Any other names your group uses
 - Name & address of a principal officer of the group (President, VP, Treasurer, Secretary)
 - Website information (if applicable)
 - Confirmation that your Gross Receipts are \$50,000 or less
 - If applicable, statement that organization is going out of business

2. **990-EZ Form** – to be filed if gross receipts are over \$50,000. This is a two page form.

VII. Annual Pennsylvania State Notification

Once the Federal Taxes have been filed (990-N, 990-ez, 990), you will need to file a form with the State of Pennsylvania every year, which registers your group as a public Charity (Appendix 11). The form can be found at:

http://www.dos.pa.gov/BusinessCharities/Charities/RegistrationForms/Documents/Registration%20Forms/purely_public_form.pdf . You will need to attach a copy of your appropriate 990 filing.

VIII. Additional Financial Requirements

A. Start-up Funds

Each group should allow for start-up funds for the next fiscal year. The necessary amounts will need to be defined by each group. Your group may want to define this amount within your By-Laws. The

amount determined should allow the group to cover any necessary expenditure that would occur prior to your receiving member fees or fundraising events beginning for that fiscal year. Be mindful of the amount you set. You will be required to hold this designated amount over into the next fiscal year and if too high, it could impact what you have available to spend in the current year.

B. Earmarked funds for future purposes

From time to time, your group may be earmarking or setting aside funds for a particular future purchase. This could require funds to be collected over multiple fiscal years. These earmarking of funds should be clearly noted within your group's financial and board documentation records.

C. Gifts/Donations to Group/District

Per PRSD Policy 702, you are required to have any purchases that will be gifted to the PRSD or any of its groups/boosters, approved by the PR Administration and School Board, prior to the purchase. Pre-approval should be obtained prior to the earmarking of any funds, when possible. Your group should contact the PRHS Athletic Director (AD) for Booster Groups or The PR High School Principal for other school related (non-sports) groups.

In order to consider a parent donation as a tax right-off, they cannot receive anything in return for the gift. If they are paying \$100 towards an event, but they are getting dinner, drinks, etc, you can subtract that amount from the ticket price and anything remaining would be considered the gift.

Ex: \$100 Price of Ticket - \$35 Dinner - \$10 table gift = \$55 Donation Amount

You can handle a donation letter in two ways:

1. Clearly state on the event registration form the "actual" donation amount (less dinner, etc) and they can use it for tax purposes (Appendix 12).
2. Mail a donation letter with the "actual" donation amount (less dinner, etc.) which they can use for tax purposes (Appendix 13).

For gifts equal to or more than \$250, a donation letter can be provided. For any amount under \$250, no letter needs to be provided. Their cancelled check will act as their receipt.

D. End of Month Reconciliation of Bank Statements

At the end of each month, your bank will send a statement via mail or email (whichever you elected). The Treasurer or designated board member should reconcile the bank statement with the group's records.

E. Concession Stand/Cash Box Reconciliation

Concession Stand/Cash Box needs to be handled carefully and in a controlled manner. Your chair should complete a reconciliation sheet for each event which records the beginning balance, plus all current counts and totals for deposit (Appendix 14). All money should be double counted before turning over to the treasurer for deposit. Deposits should be made after each event, not held for multiple days/events. This timely deposit will assist with reconciliation and audits.

You should avoid taking concession expenses directly from the cash box, but if you do, you should record the expenditures and file a reimbursement form so proper tracking for expenses and deposits occurs for audit and historical data.

If possible, the chair may wish to also record miscellaneous details related to the event, like the weather and visiting team so for future seasons, data is available as to whether it is financially worth having an open concession for a particular game/event.

F. Income Recording Tips

Any income received into your checking account will need to be documented. This includes collections for trips, apparel, coach's clinics, member fees, donations, etc. All income will increase your Gross Income so you should be considering carefully what income you are taking in.

A good rule of thumb to consider regarding income:

- Will the group maintain any profits from this income (markup, income into general fund)
- If not, the money should not flow into and out of your checking account.

If money is deposited into a group's checking account that you do not receive income from, that amount would need to be included on a 1099 with any additional payments made to the coach or independent contractor; if the combination of payments exceeds \$599. Additionally, this will increase your group's gross income. Suggested ways to handle funds that you will ultimately receive no income from:

- Coach's gifts - should be collected by team parents in cash by the event organizers.
- Clinics – participants should make payments directly to the coach or independent contractor and not to the booster/group. Examples of this include off-season coaching clinics and off-season conditioning.
- Apparel Sales – if you are not marking up the apparel as a fundraiser, individual payments should be made directly to the vendor, not to the booster/group.
- Trips (performance or tournaments) – payments should be made by each family directly to the travel agent handling the trip for your group. They will then communicate directly with each family regarding balances, trip insurance, etc.
 - As long as the booster groups are considered school sanctioned, and pre-approved by the PR Administration and/or the PR School Board their events would be covered under the School District's general liability policy regardless of who made payment for the event. <http://www.pinerichland.org/Page/2243>: (Booster Group Insurance)
"Approved activities include those approved by the district either through a building use permit or a board approved trip where team or club arrangements and fees are paid for by the booster club. "

G. Budget

The proposed budget for your group should clearly reflect a careful representation based on history, planned fundraisers, expected expenditures, events, etc. The budget should be voted on by the members and recorded within the minutes. If you have a website, the proposed budget should be posted to your website and actuals or an updated income statement should be updated regularly for member viewing.

The budget and actuals must be made available to any member to review at any given time.

IX. Communications

As a group, you will most likely communicate with the players/parents members associated with your group. Here are a few things to keep in mind:

- You should not disclose email addresses. Emails should be sent under “blind copy”.
- Any communications which publicly list student(s) names should not be sent out. If using student names, they should only contain first name, last initial.
- Communications regarding a student/families outstanding payment for upcoming trips (band/choir, tournament trips, etc.) should **never** be sent out to the entire organization displaying student names and amounts owed. If your group needs to communicate balance information, it should be treated confidentially and sent out as separate emails to the family having a balance.

X. Hardship Scholarships

From time to time, it may be necessary for your group to offer a hardship scholarship to a player. This is something that is supported throughout Pine-Richland School District and should be one of the main roles of a booster/activity group, who is a non-profit charity, to ensure that anyone who wants to participate can, regardless of their financial hardships.

1. You should publicly post this to your website, or registration information when asking for a participation/member fee. Families should contact the groups’ president.
2. You can require that they be able to support their position.
3. If feasible, partial payments could be considered.
4. **This information must be kept confidential and only the President and Treasurer should be aware of the family situation.**

XI. Fundraising

Follow all local, state, IRS and Pine-Richland School District policies/regulations regarding fundraising. Be sure to obtain an appropriate Small Game of Chance License from Allegheny County (County Treasurer) if running a 50/50 or other type of raffle or small game of chance. Check the county website for information on gaming licenses. You must follow Pennsylvania State guidelines in reference to ticket sales, tracking of winners, etc. (see Small Game of Chance information listed on the Allegheny County website or the PRSD website). Any winnings presented to an individual totaling over \$599, will need to have a W-9 received and an appropriate 1099 will need to be filed (refer to Section II A, above, for W9 and 1099 information).

Cooperative Fundraising – In accordance with IRS Guidelines, cooperative fundraising is prohibited. Cooperative fundraising is defined as when a group’s members join together (cooperatively) to raise money and then credit the funds raised (or the time spent volunteering) to the individuals who participated in raising the money. When records are kept showing how much each parent/student contributed to the fundraising effort these records are called Individual Fundraising Accounts (“IFA”) and are prohibited.

(Excerpt from PRSD Policy 915)

Fundraising plans are to be submitted to the Athletic Director or Building Principal at least 45 days in advance for approval, per PRSD Policy 915.