



Sponsor Handbook

**Fiscal Year
2023-2024**

SPONSOR HANDBOOK

Birdville Independent School District

Congratulations on your role as a sponsor of a Birdville ISD Activity or Student Club. Whether you are a first time sponsor or have sponsored a group/club for years, the responsibilities can be daunting. This manual has been developed to assist you with the day-to-day requirements of maintaining the activity fund for your club or organization. The role of the sponsor has changed tremendously over the past few years as more and more legal requirements and audit controls have been placed on school districts. The goal of this handbook is to provide you with the guidance necessary to oversee activity funds successfully. Keep in mind that the procedures have been developed to protect YOU.

Please feel free to call the Finance Office with any questions or concerns you might have. We will be happy to assist you in meeting the needs of your club or organization.

Who To Contact

Dora Thrash, Finance Office Secretary

Shannon Neptune, Accounting Manager

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ACTIVITY FUND OVERVIEW

Campus Activity (Fund 461) and Student Activity (Fund 865)

This handbook is written with Student Activity sponsors in mind. For sponsors of campus activity funds, please note that only Finance Office and campus principal approval is necessary for the expenditure of funds. For student activity funds, both sponsor and student officer approvals are required in addition to the campus principal and Business Office.

What Am I Responsible For?

The sponsor of each student organization is required to read this manual and sign an *Activity Fund Sponsors Acknowledgement of Responsibilities* and submit to the campus secretary.

The sponsor is responsible for maintaining accurate records of all financial transactions of the club or organization. These records are subject to review at any time and during any audit of the school's activity funds and should include, at a minimum, the following:

- Monthly financial reports for the organization (obtained from the principal's secretary)
- Copies of money receipts and Deposit Tabulation forms
- Copies of invoices or Direct Payment Requests
- Copies of fundraising approval forms
- Detailed records of fundraising proceeds
- Minutes of the organization's meetings which detail, at a minimum, attendance, discussion of fundraising activities, and review and approval of expenditures and financial status.

Each month, the sponsor should compare his or her balances and financial records to the financial reports received from the campus secretary. If there is a discrepancy, the sponsor should promptly contact the campus secretary.

The sponsor (for student activities only) should ensure bylaws are established that address how money raised is to be expended. Keep in mind that the money belongs to the students in the group and therefore, should be spent under their direction. The sponsor shall have authority over the fund but the students should make the decisions. Funds spent should benefit the students who raised the money.

FUNDRAISERS

The Approval Process

- All fundraising activities **must be approved by the principal or designee** NO later than one week in advance of beginning fundraising activities.
- Submit a Fundraiser Approval and Recap Form to your principal or designee.
- Enter a requisition for the any items that are purchased to sell under the fundraiser.
- At time of fundraiser approval, coordinate deposit of monies with the campus secretary.

Student Participation

- Door-to-door fundraising by students in activities sponsored by the school or by a school related organization is at the discretion of the principal authorizing the fundraiser.
- Participation in fundraisers is voluntary – it cannot be required.

Use of Funds

- Fundraisers must be held for a specific purpose and the proceeds must be used for that purpose. For example, if you sponsor a car wash to help pay for a field trip, the funds must be used for the field trip. The purpose may be more general such as: “to help *support* the cheerleaders.” The use of the funds will be at the discretion of the principal should the funds not be fully expended for the purpose identified for campus activity funds.
- IRS Regulations prohibit the practice of tracking and assigning individual participation for fundraisers. Any funds generated are to benefit the entire group.
 - If an individual is expected to pay for part of the activity, then it is acceptable to deposit and track those funds within the activity account. For example, if the fundraiser only generates a portion of what is required for the entire group and the students are responsible to pay the remaining portion, the student’s responsibility should be tracked individually. Remember, the fundraiser must benefit the ENTIRE group, not just the student(s) who sold items.
- Funds should **not** be used for:
 - Financing the attendance of school personnel at meetings, *except* in the capacity of faculty sponsor on student trips.
 - Payment of professional dues for school personnel.
 - Medical or hospital expense of school personnel.
 - Any activity that does not promote the general welfare of the school or the educational development and morale of students.

- Funds *may* be used for:
 - Trips
 - Monies raised by clubs, class/student groups to finance trips *related to student activities* for faculty sponsors and students may be expended with approval of the principal or designee provided the expenditures are made in accordance with BISD Travel Guidelines and Policy.
 - Recognition
 - Merit certificates, trophies, plaques or other means of recognition with nominal value may be purchased from Student Activity Funds in recognition of scholastic, attendance or participation in the organization.

- Funds *may* NOT be used for:
 - Awards and Prizes
 - Cash prizes for individuals are only allowable when awarding for top sellers in fundraisers. No other instance is allowable. Prizes include: gift cards, cash awards or prizes including currency, checks, savings bonds, money orders, or any other medium which can be readily converted to cash. Please see the Activity Fund Manual for more information on cash prizes.
 - Gifts
 - Funds raised in the school's name by the student body or student groups may *not* be used to purchase gifts for school personnel.
 - Funds raised in the school's name may *not* be used by the school or school group to make cash contributions to individuals or families.

Charitable Organizations

Fundraising activities may be organized to benefit a particular charity. The fundraiser for charity must be approved via the submittal of a Fundraiser Approval and Recap Form. The charity being raised funds for must be clearly communicated during the fundraising process. The charity must be a qualified 501(c)(3) charity (approved by the IRS). Funds may NOT be raised for an individual student or family.

Refunds

Refunds can result from various reasons including the cancellation of field trips, overcharges on books, items not delivered, etc.

- Refunds are allowable when funds collected for a service or product are not fulfilled.
- Money raised in the school's name may *not* be refunded to students.

- A Request for Check should be submitted for checks to be issued directly to individuals for refunds.
- The account to be used for the refund is the one in which the deposit was made into.
Ex: 461-00-5755 or 865-00-2191

Raffles

Raffles are not allowable fundraisers for school district or activity fund clubs. Attorney General opinion No. JM-1176 states that independent school districts and their related activity fund accounts are not qualified to hold charitable raffles.

RECEIPT OF FUNDS

Cash Receipts

- Do not keep cash for *any* reason. Funds should be submitted to campus secretary daily. If deposit drop box is available on your campus, please use this as necessary so that no funds are left overnight outside of a safe.
- Do not deposit money in a personal account.
- Submit all money to be deposited in the same form as collected.
- Cashing of personal checks is not permitted using collected funds.
- Cash receipts shall not be used to purchase items or pay for items sold.

DEPOSIT OF FUNDS

- Deposits should be made daily. When a daily deposit is not possible, funds should be placed in a tamper resistant bag and taken to the principal's secretary for placement in the campus safe. Bills should be sorted by denomination to facilitate quick count and verification of money by the secretary.
 - Prepare a Tabulation Receipt Form and place in the tamper resistant bag.
 - The Tabulation Receipt Form should be signed by the person preparing the form.
 - When a sponsor submits funds collected to the campus secretary for deposit, these funds should be verified by the secretary in the sponsor's presence. This is a prudent cash-handling procedure that protects both the secretary and the sponsor.
 - The sponsor will bear responsibility for any missing deposits or deposit shortages if funds are not verified in the presence of the secretary.
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SALES TAX ON SCHOOL FUNDRAISERS

Although schools may purchase items tax-free, exempt organizations (such as school districts), which sell taxable items, are responsible for collecting and remitting tax on all sales of taxable items made by the organization unless such sales are otherwise exempt from the tax.

In general if an item is purchased to enable the school to fulfill its educational purpose it is exempt from paying sales tax. However, when a school purchases taxable items for resale, sales tax must be collected when the items are resold.

Examples of Items on Which to Collect Sales Tax

- Yearbooks, directories, football programs, and other student publications;
- Any type of materials such as pennants, ribbons, pom-poms, etc;
- Any other item(s) sold as personal property such as cheerleader uniforms, t-shirts, etc.;
- Fees for materials when the end product becomes a possession of the student;
- School rings;
- Books sold to students at book fairs;
- All sales of items such as handicrafts, T-shirts, candles, cups, books, and school supplies sold by a school-associated organization during a fundraising drive;
- School-purchased supplies sold directly to students including athletic equipment and physical education uniforms;
- Other items defined as taxable by the State Comptroller's Office.

Specifically Exempted Items

- Vending machine sales;
- Admission tickets (such as athletic events, dramas, dances);
- Food, including candy and soft drinks;
- School newspapers;
- Club memberships.

Collection and Remittance of Sales Tax

- The school/student group should collect sales tax of 8.25% on all taxable sales.
- Sales tax is calculated monthly using the Campus Sales Tax Deposit Summary.
- If the sponsor fails to calculate the sales tax, the Finance Office will do so by absorbing the tax in the selling price of the item.
 - If an item sells for \$4.00 including tax, the school keeps \$3.70 and remits \$0.30 for sales tax. Using this method, divide the total collections by 1 plus the sales tax rate (1.0825) to determine the total taxable sales.

The difference between total sales and taxable sales equals sales tax due to the state.

- When sales tax is calculated and submitted, the net profit from the fundraiser is reduced.
- The campus secretary is responsible for submitting to the Finance Office monthly all sales from their campus, broken down between taxable and non-taxable.
- The Business Office will transmits all sales tax collections to the State Comptroller's office.

EXPENDITURE OF FUNDS

- Do **NOT** spend any of the collections prior to depositing funds. Expenditures must be made through the Finance Office.
- ALL purchases require prior approval via a Purchase Order (PO). *Exceptions* include items processed by P-Card (<\$250), Check Requests or Employee Reimbursements, like registrations and travel reimbursements.
- Student Activity Funds (Fund 865) can be used with any vendor. Competitive procurement laws do not apply. However, we recommend using vendors on the approved list as they have been vetted by the Purchasing Department.
- Submit a copy of the club minutes with the signed purchase request form.

CLOSING OUT A FUNDRAISER

A fundraiser is conducted to raise as much money as is possible for the student group. In order to reconcile and evaluate the success of a fundraiser, proper procedures must be followed. Also, activity funds are subject to audit. Records that are not in good order indicate poor management of the activity fund and could result in an audit of previous year fundraisers and possibly the cancellation of the activity fund.

Fundraiser Recap

Within 10 days of the completion of the fundraiser, the Fundraiser Approval and Recap Form must be sent to the campus secretary. The report is designed to help the sponsor evaluate the effectiveness of the fundraiser. The report is also used by the Finance Office to track deposits and fundraiser activities.

Reconciliation of Deposits and Expenditures

- A detailed account activity report is sent to the sponsor each month.

- The sponsor should review this report each month to ensure the balance shown by Accounting is correct.

Records to Retain

Activity Fund records shall be retained for a period of five years. Records retained should include (but is not limited to):

- Fundraiser Approval and Recap Form
- Daily collection reports and list of students with outstanding receipts
- Tabulation of sales tax collections
- Receipts of expenditures and copies of ending inventory (if applicable)
- Receipt books
- Sponsor & Club Officer Form

ACTIVITY FUND AUDITS

Audits

All activity funds are subject to an annual audit by the Finance Office or external auditors.

Tips for a Successful Audit

Ensure:

- Fundraiser approval was obtained
- Deposits were made timely
- Purchase orders issued for expenses
- Receipts kept
- Fundraising Recap completed and timely submitted
- Minutes of the organization's meetings

Additional information can be found on the BISD Activity Fund Manual located on the Accounting webpage.

<https://www.birdvilleschools.net/domain/2869>
