



# GUIDELINES FOR BOOSTER CLUBS AND PTO/PTA ORGANIZATIONS

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## Table of Contents

Introduction and Overview	Page 2
Establishment and Management of Organizations	
Formation and Authorization	Page 3
Governance Structure	Page 4
Fiscal Management	Page 5
Reporting and Compliance	Page 6
Supporting Information	
Forms and Documents	Page 7
Audit Procedures	Page 8

## Introduction

As a beneficiary of the efforts of school support organizations, the district is grateful for the opportunities and programs afforded by support groups. While a cooperative relationship is necessary, booster clubs and parent teacher organizations/associations are separate entities from the school district; the district is not responsible for the governance, management, or regulation of these entities. However, the State of South Carolina does have a legal framework that requires these entities to register with the district, and the district may request certain information from the groups to ensure compliance with the state and federal regulations that govern these entities.

The link to register a support organization with the district is provided here: [SUPPORT REGISTRATION](#)  
A link to access transaction templates developed by the district is here: [TRANSACTION FORMS](#)

### **School support organizations fall into the following categories:**

- PTA – a national organization with chapters in every state
- Can provide schoolwide support
- [National](#) and [State](#) associations can help with guidance including FAQs and templates
- PTO – independent organization that often supports a single activity, ex- band, sport, JROTC, etc

### **School support organizations should be careful to meet the following criteria:**

- Establish their own tax ID, they **cannot** use the school district's
- Establish governing policies, bylaws and officers
- Keep their own checking account with an independent set of accounting records
- Establish 501(c)(3) status if tax exempt status is desired
- Not allow school staff or personnel to have any responsibility over treasury functions

### **Disclaimer:**

*While every effort has been made to deliver timely and accurate information and data, we realize that the federal and state government requirements, forms, and fees change over time. This guide is intended to be a helpful resource, however, each support organization should always ensure that the information used in decision making and setup is the most up-to-date information available. Websites and contact information have been provided to ensure that the organization is complying with the most recent updates to federal and state requirements. Persons interested in organizing should also solicit counsel from appropriate state and federal agencies and/or a tax/business advisor.*

## Formation and Authorization

### School District of Oconee County's Policies Relating to Support Organizations

- Policy GBECB- [Gifts to and Solicitations by Employees](#)
- Policy KBE – [Relations with Parent Organizations](#)
- Policy JJE – [Student Fundraising Activities](#) - [Regulation JJE-R](#)

### Steps to Establish an Organization

1. Determine a name and which organization type fits best
2. Determine who will act as incorporator and registering agent
3. Establish a mailing address (PO Box is preferable as it will not change if officers do)
4. [Register online with the Secretary of State of South Carolina](#) to become a nonprofit organization
5. Apply for a tax ID number (EIN) with the IRS (*if 501c3 status is sought*)
6. Vote to elect officers (see governance)
7. Open a bank account
8. Establish bylaws and written policies ([there are online resources that can help](#))
9. Insure the organization and officers so that board members are not personally liable
10. File annually with the SC Secretary of state and file Form 990 with the IRS (*if 501c3 status*)

### Bylaws

Support organizations such as booster clubs and parent teacher organizations may organize as provided by policy KBE and state/federal regulations. In order for a support organization such as a parent teacher or booster club to function efficiently and effectively, the organization should be governed by rules known as bylaws. A well designed set of bylaws allows the organization to focus and work, without governance concerns, on projects and other activities that will benefit students. A current copy of the bylaws of all district school support organizations should be filed with the chief building administrator and resubmitted any time they are amended. Sample bylaws are available [here](#).

### Incorporation as a Nonprofit

**Must Do:** In order to open a bank account and to ensure that appropriate donations to the organization are income tax deductible for those who make the donations, *Articles of Incorporation* and *Application to Reserve a Nonprofit Corporate name* should be filed with the [Secretary of State](#) . Once incorporated, the organization can then file Form SS4 (available from the IRS) to receive an Employer Identification Number (EIN or commonly called a TIN) for the newly incorporated organization. This number will be necessary to open a bank account for the organization. The organization can not use the district EIN. All receipts and disbursements should be handled through this account to keep all funds separate from individual or personal accounts.

**May Do:** Support organizations that anticipate receiving donations totaling in excess of \$5,000 should consider filing for a 501(c)(3) designation. The advantage of the 501(c)(3) designation is that generally contributions to the organization are tax deductible, and this may be desirable for larger contributors.

- [Requirements for 501\(c\)\(3\) status](#)
- [How to apply for 501\(c\)\(3\) status](#)

The process of filing to qualify as a 501(c)(3) organization is a rather technical process, it is recommended that the organization review the requirements and process prior to application, and seek the services of an attorney or accountant who is familiar with the process.

## **Governance Structure (Officers)**

### **President**

The highest ranking officer, all legal and financial correspondence should be addressed to and reviewed by the President, who is responsible for oversight of all the organizations operations including but not limited to:

- Scheduling and presiding over all meetings
- Coordination or correspondence with school representatives
- Review and sign off on financials and audit reports
- Any other duties outlined in the bylaws

### **Vice-President**

Deputy to the President and may fulfill functions delegated by the president, there can be more than one Vice President depending upon the size or needs of the organization

### **Secretary**

Primary recordkeeper for the organization, records correspondence and reports meeting actions to the group membership

### **Treasurer**

The treasurer is the authorized custodian of funds for the organization. The Treasurer should be covered by a fidelity bond in at least the value of annual revenues. The major duties include, but are not limited to, the following:

- Issue receipts and deposit money received
- Disburse funds in accordance with the bylaws of the organization
- Present a current financial report including bank statements, bank reconciliations, and financial statements to the executive committee
- File sales state tax reports as required by the comptroller's office (monthly, quarterly, or annually); and federal and state tax forms as required in a timely manner
- Submit records to audit committee

*Note: Due to the increasing requirements placed on charitable organizations by the Internal Revenue Service, it is strongly recommended that the Treasurer have an accounting background.*

### **Key Officers Need to be Bonded**

In most support organizations the president and treasurer have primary responsibility for financial matters. Often, the treasurer and president will have signature authority to write checks against the organization's checking account. The support organization should require 2 signatures on each check. All individuals that have signature approval on the organization's bank account are liable for the use or misuse of those funds and should be bonded. Bonding is simply a matter of purchasing an insurance policy to cover them and the organization in the event something happens to the organization's money. An insurance agency can give advice on the amount of coverage needed and who should be covered.

# Fiscal Management

## Transactions

Receipt/Deposit Procedures: Two individuals should count and verify the deposit amounts and sign the deposit documents. Deposits should be sealed in the presence of both individuals. These “dual controls” protect the organization against lost or mishandled deposits or discrepancies with the bank. Additionally:

- All cash collections received by the organization for fees, dues, fundraising, etc. must be deposited as soon as possible, particularly prior to holidays and weekends
- All funds must be supported by some type of record, documenting the source and amount of funds (tabulation of monies collected form, cash receipt form, ticket sales record, etc.). Such documentation shall be readily available for audit purposes
- Funds collected should always be deposited daily into the authorized bank account of the organization. Funds should never be commingled with personal funds or school funds
- The treasurer should issue pre-numbered receipts for all money received in any value

Disbursement Procedures: A budget of anticipated expenditures should be developed before the beginning of the fiscal year. Prior to a disbursement, the request to expend funds should be compared with the budgeted expenditures. Disbursements outside the scope of the budget or line items that exceed the approved budget should require a vote by the general membership. District employees shall not serve in a financial capacity of the organization. The organization's checkbook must not be housed on school district property nor should it be in the possession of a school staff member. This procedure is to ensure a strict separation of the school district and the organization.

- All payments must be by check, and supported by an invoice to document the disbursement. The invoice should be signed for approval by an officer other than the treasurer, and marked with the date it is paid, and the check number issued to pay it
- Checks should be endorsed by at least two members of the organization. A blank check should never be signed
- The organization must obtain an IRS form W-9 from any vendor at the time of service, and follow the guidelines of the Internal Revenue Service to issue a 1099 for any payments for services in excess of \$600
- Reimbursements for purchases individuals have made for the organization are acceptable and should be documented by filing the receipts as invoices for the reimbursement. Individual travel can be treated the same way
- As a general rule, support organizations should never make a payment directly to a district employee for services rendered or for work completed for the organization. District employees who work with a school support organization are considered by IRS regulations to be working for the district, and therefore, the district should pay them. The support organization can pay the school employee by making the payment to the district to be included in the employee's pay
- If the organization should hire its own employees (non-district employees), the organization is responsible for the filing of the applicable W-2 tax forms

## Reporting and Compliance

### The Treasurer's Report

The treasurer is the authorized officer responsible for the organization's money. Disbursements and receipts of all funds should be handled according to the organization's bylaws or as authorized by action of the organization.

At a minimum, the organization's membership should be provided with a financial statement and bank reconciliation monthly. The bank reconciliation should be completed within 30 days of the date of the bank statement. 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 or at the annual audit. The organization's officers should also receive a copy of the bank statement at each meeting as supporting documentation for the bank reconciliation.

### Annual Audit

At the end of the fiscal year (June 30<sup>th</sup>), an audit of the organization's financial records should be conducted prior to July 31<sup>st</sup>. The audit should be performed by individuals who are independent from day-to-day financial activities and should not be part of the executive committee. 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. The primary objectives of the audit are to:

- Verify the accuracy of the Treasurer's financial reports
- Ensure that the organization's cash balances are accurate
- Determine that established procedures for handling funds have been followed
- Ensure that expenditures occurred in a manner consistent with the organization's bylaws and in accordance with the approved budget
- Ensure that all revenues have been appropriately received and recorded.

The audit committee shall make a report to the school principal and the general membership of the organization upon completion of the audit (prior to July 31<sup>st</sup>). Any discrepancies noted during the audit shall be brought to the attention of the executive committee of the organization and a resolution reached prior to presentation. All officers of the organization shall make records available as requested by the committee. Suggested audit procedures are included later in this publication.

### Records Retention

- After the audit committee has reviewed the financial records of the organization, the financial records should be retained for future use. The school district follows the guidelines provided by the Archives and Records Management Division of the South Carolina Department of Archives and History. General records retention schedules for school districts can be viewed at <http://arm.scdah.sc.gov/general/> to assist the organization in formulating a retention schedule.

### Federal and State Tax Filing Requirements

Support organizations should seek guidance from an attorney, the IRS, the South Carolina Secretary of State, and/or the South Carolina Department of Revenue to ensure compliance with federal and state tax filing requirements. Since tax laws continuously change, the support organizations must ensure that they have the most updated tax information.

## Support Organization Forms List

Below are various forms that may be necessary for your organization. Federal forms may be accessed on the IRS website at <http://www.irs.gov>. State forms are available on the SC Secretary of State website at <http://www.scsos.com>.

### Federal Forms

- SS-4 Application for Employer Identification Number
- 1023 Application for Recognition of Exemption under Section 501(c)(3) of IRS Code
- 8718 Fee for Exempt Organization Determination Letter Request
- 990/990EZ/990N Return of Organization Exempt from Income Tax
- 990 SCH A Organization Exempt under Section 501(c)(3)
- 990 SCH B Schedule of Contributors

### State Forms

- Application to Reserve a Nonprofit Corporate Name
- Nonprofit Corporation Articles of Incorporation
- Annual Financial Report for Charitable Organizations
- Charitable Solicitation Questionnaire
- Articles of Incorporation
- Articles of Amendment
- Articles of Correction
- Notice of Change of Principle Office
- Notification by Existing Corporation
- Articles of Dissolution
- Articles of Merger
- Application for Certificate of Authority (Foreign)
- Application for Reinstatement
- Application to Withdraw Certificate of Authority By a Foreign Corporation
- Application for Amended Certificate of Authority
- Homeowners Associations & Political Associations

*Note: This listing of forms may not include all necessary forms for your organization. Organizations should seek guidance from an attorney, the IRS, the SC Secretary of State, and/or the SC Department of Revenue for compliance and ensure that they have the most updated information.*

## **SDOC SPONSORED TRANSACTION TEMPLATES**



## **Support Organization – Suggested Audit Procedures**

### **Bank Reconciliations**

1. Trace ending balances on the reconciliations to bank statements, outstanding check lists, and other reconciling items.
2. Verify that bank reconciliations were completed within 30 days of the bank statement ending date.
3. Ensure that any outstanding or reconciling items on the reconciliations were cleared the following month.
4. 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.

### **Bank Statements**

1. 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.
2. Determine whether any cash corrections were identified on bank statements. Ensure that reasonable explanations are available.
3. Compare the number of cleared checks included in the bank statement with the number that is noted on the bank statement to ensure agreement.
4. Ensure that cleared checks contain signatures of individuals authorized to sign checks. Ideally, bank accounts should be established to require two signatures.

### **Receipts**

1. From the check register or other accounting records, schedule each deposit (use of spreadsheets is helpful).
2. Trace deposits to collection documentation and prepared cash receipts for agreement.
3. Trace deposits to bank statements to ensure agreement.
4. Ensure that receipts are presented for deposit in a timely manner by reviewing the dates of prepared cash receipts with the date of deposit on the bank statement.

### **Disbursements**

1. From the check register or other accounting records, schedule each check, withdrawal, or other debit (use of spreadsheets is helpful).
2. Trace checks to supporting documentation such as invoices, receipts, approved expenses related to fundraisers, or other reasonable explanations.
3. Review the canceled check to ensure agreement of payee name, endorsement, and check amount.
4. Trace disbursements to budget approved by the membership or meeting minutes.
5. For bank withdrawals for the purpose of establishing a change fund for an event, confirm that the change fund was later re-deposited.

### **Fundraisers**

1. Evaluate each fundraiser individually by calculating the value of items available for sale or number of tickets sold, and comparing to deposits and remaining inventory, if any, to ensure agreement.
2. Determine whether fundraiser applications were prepared and submitted to the campus principal for each fundraiser.

### **Miscellaneous**

1. 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.
2. Confirm that check stock is retained in a secure place when not in use.
3. Determine whether any checks were voided during the course of the year. Ensure that any voided checks are retained in the records, but 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).
4. Ensure that sales tax reports were prepared and filed timely.
5. Review annual federal and state tax forms for reasonableness.