



Contributions/Donations

a) Received

Parent Organizations/Booster Clubs may receive monetary or non-monetary contributions from individuals or businesses. In addition, those Parent Organizations/Booster Clubs that have received a Determination Letter from the IRS granting **501(c)(3)** tax exemption are allowed to receive **tax-deductible contributions** in accordance with IRS Regulation 170. To allow the individuals or businesses to deduct these contributions on their tax returns, the Parent Organization/Booster Club must send them a copy of the Club's Determination Letter indicating that the Parent Organization/Booster Club is a 501(c)(3) organization.

If your Parent Organization/Booster Club is not a 501(c)(3) organization, contributions or donations, with a few exceptions, are not tax-deductible. In addition, you must inform the individual or business that the contributions or donations are not tax-deductible.

For contributions received, the Parent Organization/Booster Club may want to send a thank you note along with a copy of the Determination Letter. The thank you note may indicate what was contributed or donated; if the gift is monetary, you may indicate the dollar amount. If the gift is **not** monetary, the estimated value should not be included in the thank you note. It is the responsibility of the individual or business that provided the gift to determine the value that they would report on their tax return.

Even though contributions or donations received will ultimately support the student group at a school, the gift is still considered to be a gift to the Parent Organization/Booster Club and not to the school or to the District

b) Quid Pro Quo Contributions Received

According to the IRS, a charitable organization, such as a Parent Organization/Booster Club that is a 501(c)(3) organization, must provide a written disclosure statement to donors who make a payment, described as a “quid pro quo contribution,” in excess of \$75.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charitable organization. An example of a quid pro quo contribution is where the donor gives a Parent Organization/Booster Club \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor’s payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

The required written disclosure statement must:

- 1) inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charitable organization, and
- 2) provide the donor with a good-faith estimate of the value of the goods or services that the donor received.

The charitable organization (Parent Organization/Booster Club) must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

A penalty is imposed on charitable organizations that do not meet the disclosure requirements. For failure to make the required disclosure in connection with a quid pro quo contribution of more than \$75, there is a penalty of \$10 per contribution, not to exceed \$5,000 per fund-raising event or mailing.

For complete details, including exceptions to the disclosure requirement discussed above, please visit the IRS website at the following link:

<https://www.irs.gov/charities-non-profits/substantiating-charitable-contributions>

c) **Given**

When the Parent Organization/Booster Club contributes directly to the student group, the Club should receive a Tax-exempt Status/Donation Acknowledgment Form from either the school or the District. A District employee should complete the form and give the original copy to the Parent Organization/Booster Club for their records.

Example: *Yippee Booster Club is funding a portion of a student group's trip for a competition. The trip costs \$50,000, and the Booster Club has agreed to pay \$35,000 of the expense. Therefore, the students must pay the remaining \$15,000. The \$35,000 that the Booster Club donated is considered a contribution to that particular District student group and should be documented on the Tax-exempt Status/Donation Acknowledgment Form.*

The school may request that a Parent Organization/Booster Club provide a list of contributions made to the student group or school. The Tax-exempt Status/Donation Acknowledgment Form may reference this list; thus, eliminating the need to have a form completed for each contribution. The schools are required to report contributions received at the end of each quarter; therefore, your school may request the list of contributions from your Parent Organizations/Booster Clubs.

The Tax-exempt Status/Donation Acknowledgment Form should be kept with the Parent Organization/Booster Club's financial records. The form can be used as substantiation to the IRS that the Parent Organization/Booster Club is using the funds raised in the manner approved by the IRS as a 501(c)(3) organization.

The District tracks contributions received from individuals and entities such as Parent Organizations/Booster Clubs. This information may assist the District in receiving a more favorable bond rating and in receiving grants. Public support of the District is very important in these areas.

d) **Types of Donations Given**

1. **Cash Donations up to \$4,999 to the District or a school-** These donations are deposited into the campus activity fund (general fund) and reported quarterly by the campus. *No action required by the parent organization. Does not require budget approval*
2. **Cash Donations \$5,000+ (or equipment valued at \$1,000 or more) to the District or a school-** These donations will go the general fund (199) or special revenue fund other than Fund 461. *A Donation Request Form is submitted to the Principal of the beneficiary campus. Campus staff may prepare the form. Requires budget approval.*
3. **Cash donations of any amount to departments (non-school)-** These donations require a donation request form and budget approval.
4. **Cash donations to a school's campus activity fund of up to \$4,999-** These donations are to be deposited into the campus activity fund (general account) and reported quarterly. No budget approval is required.
5. **Donations consisting of various components** will be considered as one (1) gift and may not be submitted as individual components to avoid the \$10,000 ceiling.
6. **All computer equipment (hardware and/or software)-** These donations must support student instructional applications, instructional management applications, administrative applications, or office automation that is currently standard within the district. *Donations of computer equipment (tangible property) may not be accepted without obtaining approval from the chief information officer. Computer equipment purchased with donated funds is subject to district purchasing guidelines.*
7. **All building modification projects** – These donations must meet the district standards. Donations of building modification projects may not be accepted without obtaining approval from the director of facilities.

While all donations are welcomed (tangible and/or intangible), cash donations are preferred. Contact your campus prior to purchasing and/or donating items such as computer equipment, computer software, vehicles, etc. to ensure that all FBISD District protocols and procedures are followed.