

501(C)(3) REQUIREMENTS FOR BOOSTER CLUBS

Guidelines for compliant operations

The logo for 'rebooster' is located in the top right corner. It features the word 'rebooster' in a white, lowercase, sans-serif font, enclosed within a red rounded rectangular border. The background of the entire page is a dark blue gradient with a faint, white grid pattern that curves across the top right.

Basic Requirements

To qualify as a 501(c)(3) organization, an umbrella booster club must adhere to fundamental requirements:

- **Charitable Purpose:** The organization must be organized and operated exclusively for exempt purposes, such as promoting education, supporting extracurricular activities, or fostering community involvement.
- **No Private Benefit:** The organization's activities must not primarily benefit private individuals or for-profit entities. Any benefit to private parties must be incidental to the overall charitable purpose.

Financial and Recordkeeping Rules

Strict financial management and transparent recordkeeping are crucial for maintaining 501(c)(3) status:

- **Annual IRS Filing:** The organization must file an annual return with the IRS (Form 990, 990-EZ, or 990-N, depending on gross receipts). Filing deadlines must be strictly observed.
- **Accurate Records:** Maintain accurate and complete financial records, including income, expenses, and assets. These records must be retained for at least seven years.
- **Separate Bank Account:** Establish and maintain a separate bank account for the organization's funds. All financial transactions should be processed through this account.
- **Financial Transparency:** Ensure transparency in financial matters. Make financial records available to members and the public upon request (within legal limits).

Governance and Oversight

Effective governance ensures accountability and compliance:

- **Board of Directors:** Establish a board of directors responsible for overseeing the organization's activities and ensuring compliance with all applicable laws and regulations. The board should meet regularly and document its proceedings.
- **Written Bylaws and Policies:** Adopt written bylaws that outline the organization's structure, governance, and operating procedures. Develop and implement written policies on key issues, such as conflicts of interest, fundraising, and expense reimbursement.
- **Conflict of Interest Policy:** Implement a conflict of interest policy to ensure that board members and officers act in the best interest of the organization, avoiding any personal gain or favoritism.

Prohibited Activities

Certain activities are strictly prohibited for 501(c)(3) organizations:

- **Political Activity:** The organization must not engage in any political campaign activity, including endorsing or opposing candidates for public office.
- **Minimal Lobbying:** Lobbying activities must be an insubstantial part of the organization's overall activities. There are specific rules and limitations on lobbying expenditures.
- **No For-Profit Activities:** The organization must not operate for the primary purpose of conducting a for-profit business. Any income-generating activities must be substantially related to the organization's exempt purpose.

Donation Rules

Proper handling of donations is essential for maintaining donor trust and complying with IRS regulations:

- **Issue Receipts:** Provide donors with written receipts for all donations of \$250 or more. The receipt must include the organization's name, the date of the donation, and a description of the property contributed (if not cash).
- **Acknowledge Sponsors Properly:** If the organization receives sponsorships that provide a substantial benefit to the sponsor (e.g., advertising), the acknowledgment should clearly state the value of the benefit provided. Donations are tax deductible only to the extent that they exceed the value of any benefit received by the donor.
- **Maintain Donation Records:** Keep accurate records of all donations received, including the donor's name and address, the date of the donation, and the amount or description of the donation.

Student Privacy and Safety

Umbrella booster clubs often work closely with students. Therefore, student privacy and safety are paramount:

- **Compliance with FERPA:** Be aware of and comply with the Family Educational Rights and Privacy Act (FERPA), which protects the privacy of student education records.
- **Background Checks:** Consider conducting background checks on volunteers and staff who work directly with students.
- **Safety Policies:** Develop and implement safety policies to protect students during events and activities.
- **Photo/Video Releases:** Obtain proper photo and video releases from parents or guardians before using images or videos of students in promotional materials.

501(c)(3) Compliance Checklist

Use this checklist to ensure ongoing compliance with 501(c)(3) requirements:

Operate exclusively for exempt purposes.

- ☐ Avoid private benefit.
- ☐ File annual IRS Form 990.
- ☐ Maintain accurate financial records.
- ☐ Maintain a separate bank account.
- ☐ Hold regular board meetings.
- ☐ Maintain up-to-date written bylaws and policies.
- ☐ Implement a conflict of interest policy.
- ☐ Avoid political campaign activity.
- ☐ Limit lobbying activities.
- ☐ Properly acknowledge donations.
- ☐ Comply with student privacy laws (FERPA).
- ☐ Implement safety policies to protect students.