



Federation of Texas A&M University Mothers' Clubs

Treasurers' Workshop

Updated March 9, 2016

Federation Form B

- Form B and Club check for membership dues and Archive Fees must be **postmarked by February 1, 2016** to be ON Time.
- After February 1st, there are late fees.
- If not received by May 31, 2016, your club may be considered inactive.
- **Make an extra copy of Form B to send with Form T to Sharon Johnson. The Dues check is NOT sent to the President-Elect. It is mailed with Form B to the Treasurer.**
- If dues are late, no one from your club can be nominated for a Federation officer position by the Nominating Committee.



Texas State Sales Tax

If your club sells any items or conducts silent auctions and/or live auctions, your club must have a Texas State Sales Tax Certificate.

Use the website,

<http://comptroller.texas.gov/taxpermit/>

to apply for your sales tax certificate as a non-profit.

Your non-profit must pay state sales tax based on the amount of your yearly sales tax amount. Use the website:

<http://comptroller.texas.gov/taxinfo/sales/>

and click “due dates.”



As a non-profit, your club is eligible for two Texas sales tax free days:



1. Your Board must approve the days BEFORE the event and it must be in the minutes of the meeting.
2. Each day is 24 hours straight time. The 24 hours cannot be broken into segments for more than 2 days.
3. Silent auctions and live auctions trigger sales tax on the value of the items involved. Any day of an auction can be used as a sales tax free day. If you are claiming Parents' Weekend as your TWO sales tax free days, you will pay sales tax for the day of your silent or live auction. You can choose to have only one day during Boutique as a tax free day if that is better financially .
4. The state of Texas does allow Aggie Moms' Clubs to also participate in the extra tax free holidays before the start of school in August but only if you are selling eligible items.

Texas State Sales Tax for Outside Vendors

On a tax free day, an outside vendor does NOT get the benefit of your club's tax free day. Your club can sell items without sales tax but the vendor must charge sales tax. Think about how your club will handle this complex issue during Parents' Weekend Boutique if you have an outside vendor.



Raffles

- **Up to 2 raffles are allowed per calendar year but not at the same time.**
- **No Texas sales tax is due**
- **Tickets must show prize, date of raffle, and method to notify winners**
- **Club must be in existence for 3 years**
- **No cash prizes**
- **Cannot be advertised state-wide and the value of the prize cannot exceed \$50,000.**
- **Please refer to IRS Form 1340 for more details.**



Raffle Prizes are considered lottery winnings and are subject to Federal income tax for the winner:

- 1. If the value of the prize is less than \$600 AND less than 300 times the cost of the ticket, the winner self-reports.**
 - 2. If the value of the prize is \$600 or more AND the same as/greater than 300 times the cost of the ticket, Form W-2G must be filed with the IRS along with Form 1096. Taxpayer information is included with the forms.**
 - 3. More than \$5,000? Club must collect at least 25% of value from winner in cash and submit to the IRS along with winner's social security number using Forms W-2G and 1096.**
- Forms for #2 and #3 are due by the last day in February in the year after the raffle is held. See IRS Form 1340 for details and consult with a professional.**



Silent and/or Live Auctions

- **Texas sales tax is due on the price paid on each item by the highest bidder.**
- Tax is not based on the value of the prize as stated by the donor but the actual price paid by the winner to acquire the item.
- **This day can be used as one of the two sales tax free days.**
- A tax letter can be given to any bidder who pays more than the value of the item.



Letters/Forms for Cash and In-Kind Donations

- Donors of merchandise or services should fill out a form with the description and value of their “in-kind” (non-cash) contribution.
- **The club issues a non-cash donation tax letter acknowledging the contribution with the name of the item but does not vouch for the value set by the donor.**
- The donor will attach the paid receipt for the item along with the club’s letter for IRS purposes.
- **Cash gifts are acknowledged with a tax letter that includes the amount donated.**



Bingo

Due to the complicated rules surrounding bingo that includes a requirement of a letter from the Federation of Aggie Moms, the Federation of Aggie Moms' Board voted in August 2015 that letters will not be written to support any applications for Bingo.



Scholarships for 501(c)(3) organizations

- Clubs are able to establish criteria for scholarships such as residence zip codes, GPA, essay etc.
- Membership in an Aggie Mom club **cannot** be one of the requirements to apply.
- A blind method is used to evaluate the applications and award scholarships to avoid suspicions of favoritism.
- Opportunities to apply must be well publicized in many ways so that all eligible Aggies can apply.
- Scholarship money must be sent to Texas A&M University Financial Aid so it can be available in the students' accounts.
- See slide show on Scholarships which can be found on the Federation of Aggie Moms' website.



Gifts to Aggies and Aggie Moms

- Gifts of **more than minimal value** must be available to all Aggie Moms and/or Aggie students in your area.
- The gifts must be publicized in at least two ways and eligible community members must be able to easily find out about the chance to receive a gift or cash with a value of \$25.
- All cash prizes and gift cards for students are reported to Texas A&M Financial Aid. There may be income tax issues so consult with a professional .
- Gifts to moms should not have a value of over \$25 since it violates IRS regulations that **prohibit non-profits from distributing their assets to insiders only, and must use the money raised by the club for its objectives.**



What kind of gifts can our 501 (c)(3) organization give?

What Aggie Moms' Clubs have in common is that their mission is to raise money to benefit Aggies through scholarships and donations to student organizations.



Be careful of giving gifts of value only based on members' participation points. This is not approved by the IRS and the gift should be made available to all Aggie Moms in the area.

Examples of acceptable gifts to Aggie Moms:

- Door prizes of small value can be given out to attendees at a meeting.**
- A gift of up to \$25 can be given for outstanding volunteer work such as a gift to an outgoing Officer holding any office or Senior Moms who have given many hours of time to the club.**

Treasurers' Responsibilities



- An annual budget is prepared in the spring and implemented after voting. (Board and/or Membership based on by-laws)
- Money can be carried over to the next fiscal year for emergencies.
- Treasurer's books are closed at end of fiscal year for an audit.
- Audit should be conducted by non-Board members who have not been involved in check requests or deposits.
- The Federation of Aggie Moms' Audit Committee is made up of 3 Aggie Moms who are not officers. The Treasurer and President from that fiscal year are available for questions.
- After the Audit, Treasurer's books re-open for business.
- Treasurer's reports must be available to the Board and the membership at each meeting to show current financial status of club.

Club Insurance

(Not required by the Federation of Aggie Moms but insurance is something to think about with the threat of lawsuits)

General Event Liability

- Covers all types of incidents that lead to injuries during any club events
- Cost depends on number of people covered, type of venue and what activities (including alcohol consumption) are happening.
- Underwriting is required.

Directors and Officers

- Covers all officers in the Aggie Mom club for lawsuits or other civil actions that are based on actions of the Board.
 - Includes decisions on scholarships, how the money is contributed to A&M etc.
- Underwriting is required.
- Does not cover theft. That is separate coverage.

All information in this slide show is based on known regulations as of March 2016. Please consult a professional for clarification and assistance.

