

Fundraising Sales

Organizations within Gonzales I.S.D. are allowed to hold fund-raising activities to benefit the educational process. These may be whole campuses raising money to supplement their operating budgets or student groups raising money to fund their activities, such as prom, cheer camp, travel, etc. The Texas Education Agency has proscribed specific fund numbers that must be used to account for these types of funds.

Campus Activity Funds are monies generated by the student body or campus as a whole, and which are not attributable to one particular student group. Campus activity funds are used to promote the general welfare of the school and the educational development and morale of the student body as a whole. Because they are considered “public” funds, the expenditure of these funds is subject to all the same procedures as operating funds. These funds are accounted for in **fund 461**.

Student Activity Funds are monies accumulated by student groups, under the supervision of a member of the professional staff, from school approved fund-raising activities, student dues or fees, commissions, interest, and/or donations. These funds are accounted for in **fund 865**. These funds are to be expended in accordance with the wishes of the student group generating the funds. The members and sponsors of the student group or club must approve these expenditures. The ultimate financial decisions should rest solely with the students, and the funds should be expended in a manner that directly benefits the student group that raised the funds.

PROCEDURES FOR CONDUCTING FUND RAISING SALES:

1. For a sale to qualify as a one-day tax-exempt sale, the merchandise for sale must be transferred by the qualified exempt organization to the purchasers in a 24-hour period. As an example, in order for tee-shirts to qualify as a one-day tax exempt sale, all the tee-shirts must be delivered by the student club to the purchasers in a 24 hour period. Payment however does not have to be collected in this 24-hour period. If tee-shirts are left over, they may still be sold, but sales taxes would then have to be charged on these items.
2. Each student activity club, each school, and the District itself are considered separate exempt organizations, and each may hold two tax-exempt sales per calendar year (not school year) - provided that the ONE-DAY rule is met. Student groups found in the campus activity fund (461) are not considered bona-fide chapters of a school and are not allowed any tax free sales. These groups include all athletic accounts.

TAXABLE SALES

If items are sold that are not eligible for tax exemption as part of a one-day sale, sales taxes **MUST** be collected on the sales. The sales taxes collected are remitted to the State Comptroller of Public Accounts monthly. This transaction is performed by the Finance Office based on deposits to campus and student activity funds for the prior month. Therefore, it is crucial that money deposited for fundraising activities be clearly marked as taxable or non-taxable.

Sales taxes will be deducted from the gross sales by dividing gross sales by one plus the tax rate.

Example: Gross sales are \$100.00. Sales net of sales taxes = $\$100.00 \div 1.0825 = \92.38 . The amount of sales tax that will be remitted to the State Comptroller is $\$100.00 - 92.38 = \7.62 .

Setting prices for items that will be taxable must consider whether to include the tax in the price or to add the tax to the price.

Example: Yearbooks sold for \$30.00 as part of a one-day tax-exempt sale. Leftover yearbooks could be sold for \$30.00 plus sales tax at 8.25% or \$32.48. IF the campus chooses to keep the price at \$30.00, the sales tax implied would be computed as $\$30.00 \div 1.0825 = \27.71 . So the campus would only keep \$27.71 per yearbook on those sold as taxable.

Additional information on sales tax is available at State Sales Tax and CoPA Sales and Use Tax Bulletin under Business Office Policies and Procedures.