

Parent Support Organizations
GUIDELINES FOR OPERATION AND FINANCIAL RESPONSIBILITY

Guidelines for Operation:

1. Prior to beginning the application process, obtain approval and support from school administrator. **Organizations cannot operate on campus without school AND Governing Board approval.**
2. Develop and adopt organization by-laws (governing document). This document should include the purpose, dissolution clause, provisions for amendment, and changing of officers when necessary. You MUST abide by these by-laws
3. Establish officers of the organization (usually includes President, V-President, Secretary, Treasurer). Minimum of TWO officers is required, three is recommended.
4. The principal/coach/advisor of all such school-related organizations or supported activities may be an ex-officio member (non-voting) and shall act in an advisory capacity only. They CANNOT be officers of the organization or signatures on the checking account.
5. GPS employees shall NOT serve in an officer capacity nor serve as a signatory for bank accounts of a parent support organization at the school that they work. This restriction does not apply for substitute employees that work in multiple schools in the district. A GPS employee MAY serve in an officer capacity for a parent support organization at a school that they do not work at. For everyone's protection, both the GPS employee and the leadership of the parent support organization should confirm that there is no apparent conflict of interest in the employee serving as an officer for that organization.
6. Develop an annual budget plan and goals for the organization. Plan activities for the year based on the budget and goals.
7. Determine if group is a Formal Non-profit or Informal Non-profit

FORMAL NON-PROFIT CORPORATION

- A. *Contact Arizona Corporation Commission at ecorp.azcc.gov/Entity (click "Create". Click "Non-profit") for application for Non-Profit Corporation. (Application Fee is \$40.) Every year an annual report is required by Arizona Corporation Commission listing current officers. (Annual fee is \$10) Because of the high percentage turnover in Parent Organizations, it is recommended to enlist the GPS Director of Finance as the Statutory Agent and use the district address (140 S. Gilbert Rd. Gilbert, AZ 85296). Please make sure your Statutory Agent information is kept current.*
- B. *File IRS Form SS4 to obtain a taxpayer I.D. number at www.irs.gov/businesses. Click "Employer ID Numbers". (EIN)*
- C. *Develop and adopt a set of organization by-laws, establish officers of organization.*
- D. *Establish checking account with two signatures required on all checks.*

- E. *To obtain 501 (c)(3) status, you need to file online IRS form 1023-EZ -- 3-page doc - (fee \$275 for groups under \$50,000 annually) OR 1023 "Application for Recognition of Exemption" – 26-page doc - with the Internal Revenue Service (Application fee is \$850).*
- F. *Tax form 990 (Organizations over \$50,000), 990-EZ (under \$50,000), or 990-N (e-postcard) (under \$50,000) must be submitted each year to keep non-profit status.*

- **Advantages of Formal Non-Profit Corporation status:**
 - Tax Deduction for donation to organization.
 - No personal liability for board and officers as long as acting as a reasonable, prudent person. Organization liabilities and debts belong to the corporation.
 - More fundraising opportunities.
- **Disadvantages:**
 - Cost involved and time consuming to establish (although new forms make it easier and less expensive)
 - Requires diligent annual reporting by succeeding officers and board with penalties attached for non-compliance.

INFORMAL NON-PROFIT ORGANIZATION

- A. *File IRS Form SS4 to get a taxpayer I.D. number. (You CANNOT use the school's Tax I.D. number).*
- B. *Develop and adopt a set of organization By-laws, establish officers of organization.*
- C. *Establish checking account with two signatures required on all checks.*

- **Advantages of Informal Organization:**
 - Inexpensive, simple to establish.
- **Disadvantages:**
 - Donations to organizations are NOT tax deductible.
 - Personal liability (if negligence is established) can attach to officers and board members.
 - Board members can be held personally responsible for contractual obligations that they have signed.
 - IRS may determine that annual net income of the organization is subject to Federal income tax. (As of 2008, all Non-profit Organizations that raise any amount of money must file a tax return.)
 - Members can be held financially liable for taxes owed.

- 8. Minutes of each Board and Membership meeting shall be produced, be available to members, and maintained in the organizations permanent records (see IRS Compliance Guide, p.21).
- 9. Arizona School Risk Retention Trust insurance policy includes liability insurance for parent support organizations as long as their meetings and activities are approved and co-sponsored by the school administrator, and that the organization is approved by the District Governing Board. Organizations must fill out and return the "Application for Governing Board Approval" (to be completed and approved on an annual basis). This process establishes the parent support organization's affiliation with the District. Approval is valid for one year from the Governing Board's approval date.

10. Parent support organizations can choose to join the State and National Parent Teacher Association (requires payment of membership dues annually). Organization becomes a local chapter of a national non-profit corporation.
11. When an organization dissolves, assets must be allocated according to the organization's by-laws and to another non-profit organization.

Guidelines for Financial Responsibility:

1. Treasurer should produce a monthly financial report after the receipt of each bank statement, usually at monthly meetings.
 - Report should identify all income sources during the month and reconciled with the deposits on the bank statement.
 - The report should itemize all expenses paid during the month, listing by date, check number, who it is written to, description of expense, and dollar amount.
 - Cash balance on report should be reconciled to cash balance on bank statement.
 - Copies of report and bank statement (without account number showing) should be made available to board members monthly and any other members that request or show interest.
2. An audit or financial review should be conducted at the completion of each fiscal year and upon change of treasurer by an independent third party, certified CPA, or an elected/selected audit/financial review committee. (check by-laws)
3. **TWO** signatures are required on all checks. (It is **HIGHLY** recommended that a debit card **NOT** be used. If absolutely necessary, a debit card purchase form requiring two signatures should be used. Debit card receipts should be submitted to the Treasurer and kept in the financial records.)
4. Family members CAN both serve as officers or members for an organization, but CANNOT be the TWO signers required on checks or any other document that requires TWO member/officer signatures.
5. Monthly bank statements should be mailed to the school address or to an organization's PO Box, **not an individual's home**. All account signers should have online access to the banking records and should review frequently.
6. If a parent organization wishes to compensate an employee for services, the request must be processed through the school administrative assistant to input an ePAR and deposit funds in the schools donation account. Do not give a GPS employee cash. Employees must be paid through Payroll.
7. Money collected through fundraisers and other organization activities shall be accounted for, verified in writing, and prepared into deposit for the bank by **TWO** members of the organization.

8. Fund raising activities must be submitted to the school using the District *Fund-Raising Authorization and Approval* Form. Fundraisers must be approved by the site administrator and directly benefit GPS and its students to be covered by District Insurance and held on District property. Non-approved activities and those which do not directly benefit GPS or its students will not have District coverage. As a courtesy, the School/District should be notified of all activities.
 - Fundraisers must be approved at an Organization Meeting.
 - Fill out fundraising form and submit it to the school to be approved and signed.
 - Fund-raisers that are co-sponsored by a parent support organization, school site council and/or student club organization should have a pre-arranged division of revenue between the groups before the activity is begun.
 - When co-sponsoring a fundraiser, determine where the monies will be deposited (usually the PSO) and keep accurate accounting of the funds. Each group will have the accounting of the fundraiser.
9. Fund raising activities by student organizations that cause District students to go into the community to make sales on a door-to-door basis are strictly prohibited.
10. Students cannot be compelled to participate in fund-raising activities.
11. Parents shall NOT run Student Club Fundraisers. They may volunteer to work WITH the students only. Student Club Fundraisers are to be student ran.
12. Parent Support groups shall NOT deposit any monies into any employee account. This includes coaches' clinic/camp LLC's.

DONATIONS

All donations given to a school or student club need to be deposited into a donation account, fund 530. If the donation is over \$100, a "Request to Donate Equipment, Services, Cash to Gilbert Public Schools" letter needs to be filled out and sent in with the donation account deposit.

GO FUND Pages

No "go fund" pages may be created by ANY district employee. A PTO that is set up with their own tax identification number may create a "go fund" page for fund raising. This event may not be advertised on the district's or school's web page.

RAFFLES

A Raffle is where a collection of money is required in order to win a prize. It does not matter if the item is a ticket, a pen, a hot dog or a lollipop. Raffles may not be conducted by district organizations or students. A PTO that is set up with their own tax identification number may conduct a raffle. No STUDENTS or EMPLOYEES are to sell any of the tickets. This event may not be advertised or sponsored by the district through any means, including email or school's web page.