

# **PTO/BOOSTER CLUB GUIDELINES**

## **JOHNSTON COMMUNITY SCHOOL DISTRICT**

### **Classroom Donations**

Make donation to school and school then makes the purchases. Purchases then become part of district's internal controls, audit, etc, and are exempt from sales tax.

### **Contracts**

If PTO/Booster Club is sponsoring a presenter, the actual contract should be between the district and the presenter. The district is then responsible for tracking for 1099 tax purposes, getting the presenter to sign off on the sex offender contract, and payment is made by the district. The PTO gives the funding for the presenter to the specific building site, and the district takes care of the rest.

### **District's Employer Identification Number**

Only purchases made through the district use the district's federal identification number.

### **District Policies Relevant to PTA/PTO/Booster Clubs (District website <http://www.johnston.k12.ia.us>)**

At the district website, click on "About Us" tab, and the policies are under the Board of Education tab)

504.5 Student Fundraising

504.5R1 Student Fundraising Reg

704.4 Gifts, grants, and bequests

705.1 Purchasing-bidding

217 Gifts and Honoraria to District Board Members, Officials, Employees and Their Families

903.1 School/Community Groups

### **Facility Projects**

Work with principal

Submit proposal including funding to Jan Miller-Hook (CFO)

Proposal is then submitted to board for approval

### **Fundraising**

Private inurement can jeopardize an organization's tax exempt status. Jane is a member of ABC School District's marching band, and they are taking a voluntary trip to Disney World over spring break to perform at a band festival. Jane's family is responsible of \$1,000 to pay for the trip, but the ABC Performing Arts Booster Club, a 501 (c ) 3 tax exempt entity, is conducting a fundraiser under which members of the band are credited \$20 toward the \$1,000 trip fee for every \$100 of pizza cards the student or family sells. Based on IRS guidance, if the ABC Booster Club earmarked funds to Jane's family in such a way, it would fall under "private inurement" and this practice alone may jeopardize ABC Booster Club's tax exempt status.

## **Gambling License**

Organizations can no longer operate games of chance under the district's gambling license. Games of chance such as bingo, raffles, etc require the purchase of a gambling license. Gambling licenses may be purchased through an online application at <https://dia.iowa.gov/scg>-a temporary 14 day license may be purchased for \$15. After the gambling activity, organizations will also need to submit their sales tax payment directly to the Iowa Department of Revenue.

## **Insurance**

Parent groups are endorsed as additional insureds under general liability, linebacker, and crime coverage. Linebacker-Board members are protected by the linebacker policy if named in a lawsuit.

The cost for this coverage is \$220/year which includes \$100 premium for general liability, \$100 for the linebacker and \$20 for the crime). This cost will be billed directly to the organizations.

## **IRS Requirements (consult with your accountant)**

Form SS-4 -application for employer identification number 501©3 status  
Form 990/990 EZ annual reporting  
Form 1099 Misc annual tax form to entities paid \$600 or more

## **Money Handling**

### **Deposits**

Pre-numbered receipts should always be issued for funds received.  
NEVER deposit group funds in personal accounts.  
Two people should always count the money, and both should sign the receipt verifying the amount.  
Deposit funds immediately at the bank-do not take the money home.  
All checks that are to be deposited should be marked "For Deposit Only" to the \_\_\_\_\_ AC #\_\_\_\_\_.

### **Payments**

Pay all bills by check-never pay with cash.  
Never sign a blank check or a check made out to "cash".  
Best practice-recommend two people sign checks.  
Accept only original invoices and mark "paid."

## **Playground Equipment**

Enhancements or replacements responsibility of parent group  
Develop proposal in cooperation with Building and Grounds Director

## **School Purchases**

District makes purchase so purchase subject to district's check and balances, audit, bid if required, etc and PTO

or Booster Club donates the funds to the school for the purchase.

### **Resources**

[www.ptotoday.com](http://www.ptotoday.com)

[www.pta.org](http://www.pta.org)

[www.irs.gov](http://www.irs.gov)