



PTO Presidents Council Handbook  
for  
Parent/Teacher Organizations  
Fall 2020

# **Conflict of Interest Policy for Littleton Public Schools PTO Presidents Council**

## **Article I**

### *Purpose*

This conflict of interest policy complies with IRS recommendations and protects the tax-exempt organization's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or member of the organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit organizations.

## **Article II**

### *Definitions*

1. **Interested Person** - Any PTO officer or member of a committee with decision making powers is an interested person.
2. **Financial Interest** - A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
  - A. An ownership or investment interest in any entity with which the PTO has a transaction or arrangement.
  - B. A compensation arrangement with the Organization or with any entity or individual with which the organization has a transaction or arrangement, or
  - C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the PTO is negotiating a transaction or arrangements.

*Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.*

*A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.*

## **Article III**

### *Procedures*

1. **Duty to Disclose** - In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest to its governing board or committee chairperson if the transaction exceeds \$500.
2. **Determining Whether a Conflict of Interest Exists** - After having heard the material facts regarding the transaction, the governing board must determine if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest** - If the governing body determines that a conflict of interest may exist, they may appoint a disinterested third party to investigate alternatives to the proposed transaction or arrangement.
  - A. After exercising due diligence, the governing board or committee shall determine if the PTO can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - B. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the PTO's best interest, for its own benefit, and whether it is fair and reasonable. It shall then make its decision as to whether to enter into the transaction or arrangement.

#### **Article IV**

##### *Records of Proceedings*

The minutes of the governing board and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact exists.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction, and a record of any votes taken in connection with the proceedings.

#### **Article V**

##### *Annual Statements*

Each officer and member of a committee with spending authorizations shall annually sign a statement which affirms that they have:

1. Received a copy of the conflict of interest policy
2. Read and understood the policy
3. Agreed to comply with the policy, and
4. Understood that Littleton Public Schools PTOs are nonprofit, and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **Joint PTO Scholarship Fund**

Since 1958, the Littleton Public Schools Joint PTO Scholarship Committee has distributed scholarship grants to support teachers' continued professional growth. The scholarships are a joint enterprise of all the Littleton schools. The amount contributed by each school is determined by the PTO in each school and allotted in its yearly budget. Information regarding the scholarship fund is distributed to each school each fall.

**Objective:** To improve instruction in Littleton Public Schools by providing the incentive and means for teachers to seek training in specialized fields or additional training in their own field.

**Scholarship Procedures:** Contributing PTOs select a representative to serve on the Joint PTO Scholarship Committee. Officers elected by the representatives are chairperson, secretary, and treasurer.

The representatives' duties are to communicate all scholarship information to their respective schools, and to be available to assist teachers in submitting a proper application.

All teacher applications will be presented to each representative for consideration on screening days. Each representative will have an opportunity to cast a secret ballot. Selection of teacher recipients and the dollar amount of the grants will be determined at a final meeting with a majority of committee representatives in attendance.

Teachers should be serving in their second year in the district before applying. Applications are available from building principals, scholarship representatives, and committee officers.

The application must be submitted to the Scholarship Committee by the announced deadline. The dollar amount of the grants and the number of grants awarded may vary depending on:

1. The needs of the district.
2. Professional qualifications.
3. The amount of money available to the committee.

The Scholarship Committee shall decide each year, after the treasurer's report, how many grants will be available and how much money will be awarded.

All teachers in the Littleton Public School District who meet the minimum requirements are eligible to receive a grant. Teachers may apply for a grant as often as they like. There is no restriction on how many grants a teacher may receive.

## **State Sales Tax Exemption**

If the PTO does not wish to pay sales tax when they purchase items, the PTO must obtain a state sales tax exemption certificate. (Details for this process are outlined in the treasurer's Handbook.)

## **PTO Tax Exempt Status and Requirements**

In June of 1998, the district filed for tax-exempt status for the PTOs under the umbrella organization of the PTO Presidents Council (PPC). The IRS now recognizes the PPC as a 501(c)(3) organization making it and its member schools exempt from federal income tax and allowing donors to the individual PTOs to deduct their charitable contributions.

### **Building PTOs' Rights**

1. Building PTOs continue to be autonomous unincorporated associations, separate from the central organization (PPC) and from each other except to the extent required to meet group exemption.
2. Building PTOs continue to be self-governing and have their own bylaws and procedures for selection of officers.
3. Building PTOs keep their funds segregated from the funds of the other PTOs and the PPC.
4. Building PTOs determine what activities they will conduct and how funds will be expended to support their individual schools.
5. Building PTOs collect sales tax and remit to the proper authorities.

### **Building PTOs' Responsibilities**

1. Use individual tax ID number according to rules.
2. Compile accounting data in prescribed format for the purpose of filing Form 990 annually (fiscal year beginning July 1).
3. PPC has an agreement with a certified public accountant to prepare the individual 990 forms required for IRS reporting. Each PTO will be charged a fee for this service. Individual PTO treasurers may contact the CPA for consultation; additional fees will be charged to the school PTO for these services.
4. It is the responsibility of each PTO to submit its treasurer reports to the CPA for the preparation of the joint tax filing.
5. Turn in year-end financial information by the deadline. Any PTO who does not meet deadlines established by the CPA runs the risk of being excluded from the PPC's filing.

## **District Collection of PTO Fees**

The ONLY collection LPS can do on behalf of PTOs is a voluntary donation line item that can be assigned through Infinite Campus. If a PTO chooses to ask the school to collect a donation through the school, the PTO must sign a binding contract with LPS. All donations are assessed a collection fee, and the PTO will be invoiced three times a year accordingly.

## **Financial Records**

PTO Financial records must be retained for seven (7) years. There should be two signatures required on PTO checking accounts. School district employees (i.e., principals) should not be eligible signers. Monthly or quarterly financial reports should be prepared and approved.

## **Liability Insurance Covering Volunteers**

The district's general liability policy covers volunteers while they are acting within the scope of their volunteer duties and while they are under the direction and control of the district. There are exclusions to the policy, as well. Contact your school for more information.

## **State Requirements for Raffles and Bingo**

The Colorado Secretary of State's Office requires any organization holding a raffle or a bingo game to first obtain a license and pay a fee. Each organization must obtain its own license. Call the Secretary of State's Office for information (303) 894-2200.

## **Chartering a Boy Scout Troop**

1. Schools or school districts should not hold the charter for a scouting troop. A PTO may hold the charter for a Boy Scout Troop. *PTOs should fully understand the nature of this relationship before choosing to hold/renew the charter for a scouting troop.*
2. If a PTO holds a scouting charter, then the scouting troop becomes part of the PTO. Scouting troops are not a separate entity on their own. They become part of the activity of the sponsoring organization.
3. The PTO assumes responsibility for the Boy Scout troop's financial activity and must include it in the PTO's form 990 information at the time the school's form 990 paperwork is turned in to the CPA for filing.
4. The PTO assumes responsibility for all activities and oversight related to scouting activity.
5. Littleton Public Schools has liability insurance that covers volunteers and PTOs. However, this insurance does NOT extend to any organizations chartered by the PTO, such as a scouting troop. The scouting troop should carry insurance that covers its chartering organization, such as the PTO. Ask scouting leaders to provide you with a copy of the insurance policy if you are unsure.
6. The scouting troop should use the Federal Employer Identification Number (FEIN) of the sponsoring PTO. The scouting troop should NOT have their own FEIN.
7. Questions? Contact: Boy Scouts of America, Denver Area Council, 720-266-2145, [www.denverboyscouts.org](http://www.denverboyscouts.org).

## **LPS Printing Services**

Printing Services is a full-service print shop serving all LPS constituents with the following services: copying, graphics/layout, full-color printing/copying, bindery services and a full catalog of paper in stock. For more information and estimates, call (303)347-3440.

## **LPS Nutrition Services**

All school meals adhere to specific USDA guidelines and are planned and prepared to balance optimal nutrition with student acceptance. Our kitchen staff welcomes any suggestions you may have.

## **Use of School Kitchens**

Organizations may use school kitchens for school-based special events. A nutrition services employee must be on duty to supervise the use of the kitchen, and the organization will be charged a fee to cover labor and overhead charges. Contact your school's nutrition services director for more information.

## **Competitive Food Sales**

The Colorado Department of Education regulations state that food and beverages shall not be sold in competition with the district's nutrition services program. Contact your school's nutrition services director to learn more.

## **Food for Field Days and Other Special Events**

Sack lunches, barbecues, and theme menus that meet school meal guidelines can be provided by LPS nutrition services upon request by the school principal. At least four weeks of advanced notice is appreciated for such requests.

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