



**DMPS**

Affiliate  
Organizations

Guide



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



Dear Partners in Education:

First, THANK YOU for your support of the students of Des Moines. We benefit from your involvement and are grateful for your continued support.

The purpose of this Affiliate Organizations guide is to provide key financial guidance to those groups that work closely and in partnership with the district to enhance student programs and services. This guide should supplement any information you may receive from associations with national or international school support groups.

Please take a few minutes to familiarize yourself and others within your organization with this information. We hope you find this document to be helpful. We will work to improve and add information as time goes along. If you have suggestions on topics you would benefit from being included in this document, please let us know.

As issues arise throughout the year, please feel free to contact the Business Office for assistance for help with questions. As a precaution, the district staff are not tax advisors and therefore the Affiliate Organization should consult with their legal or accounting professional advisors for such topics.

The main line for the Business Office is 242-7745, and direct extensions can be found on the [Business Office Contact List](#). Within each school/department, bookkeepers, office managers, and similar positions assist the building administrator with financial transactions. Site bookkeepers and office managers can be found [here](#).

***Erica Armstrong, CPA, DMPS Controller***

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Des Moines Public Schools  
Business and Finance  
2100 Fleur Drive  
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## AFFILIATE ORGANIZATIONS

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### WHAT IS AN AFFILIATE ORGANIZATION?

An Affiliate Organization is a group whose primary purpose for existing is to support and promote the educational programming and opportunities of DMPS students and without the district there would be little reason for the organization to continue operations.

Examples of Affiliate Organizations include PTAs, PTOs, Booster Clubs, and school Foundations.

Affiliate Organizations are governed by their organizational by-laws and can be considered *independent* or *dependent*.

#### ***Independent Affiliate Organizations***

Independent Affiliate Organizations are separate legal entity with separate non-profit status, board of directors, and financial accounting. Independent Affiliate Organizations are governed by their articles of incorporation, mission, purpose, and by-laws. The bylaws may require certain activities such as appointing board members, holding and documenting meetings, maintaining records, and depending on amount of annual revenues, filing an annual 990 Tax Return. Donations to an Independent Affiliate Organization (i.e., the organization has its own 501(c)(3) status) may be tax deductible.

Affiliate Organizations should consult their own attorney / national group for questions regarding governance or consult the [Internal Revenue Service](#) for additional information on business structures.

Independent Affiliate Organizations **cannot** use the district's tax-exempt status, IRS government status, discounts, FIN, or any other benefit of the district.

The district has limited input or control over the way independent Affiliate Organizations manage funds. **DMPS employees, including coaches and principals, should never have the ability to access or manage the funds maintained by an Independent Affiliate Organization.**

#### ***Dependent Affiliate Organizations***

Dependent Affiliate Organizations are those groups that have elected to establish a Custodial Fund account within the district and grant the district financial oversight. In other words, the Affiliate Organization keeps their "checking account" in a district 91 fund, and the Business & Finance department helps with the accounting (i.e., balancing the checkbook); however, the district does not control the funds that flow in or out of the account. The district can only disburse funds and receipt revenues on behalf of and at the direction of the affiliate organization. Additionally, the district cannot pay expenditures prior to receipt of funds from the Affiliate Organization and cannot pay expenditures in excess of funds on hand from the affiliate organization.

Only Affiliate Organizations that maintain a 91 fund within the district may use the district's tax-exempt status, IRS government status, discounts, FIN, etc.

### General Guidelines

Regardless of the dependency status of the affiliate organization, the district has the exclusive right and responsibility to control all products and services provided to students during the school day and before and after the school day in compliance with federal and state regulations. Affiliate organizations may not enter into any type of contract or agreement on “behalf” of the district.

The following guidelines should provide guidance to DMPS schools/teams/clubs, etc. that work closely and in partnership with Affiliate Organizations to enhance student programs and services.

- DMPS employees and coaches may serve as an *ex officio* member of an Affiliate Organization board but should not be a voting member.
- DMPS employees can make suggestions as to the use of Affiliate Organization funds but cannot control the use.
- Sometimes a conflict arises in how money should be spent. Affiliate Organizations have the final say in how the money will be spent; however, the school/district can reject the acceptance of the donation.

If an Affiliate Organization wants district employees (including coaches) to have access to funds to use as they deem appropriate/necessary, the funds **must** be deposited into an appropriate DMPS account so the funds can be expensed and accounted for properly within district guidelines.

If a district employee (e.g., coach or teacher) is working with an affiliate organization to procure specific items, it must be in compliance with the [Iowa Gift Law](#).

**District employees should never have direct access to an affiliate organization’s bank account, bank card, credit card, etc.**

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## CASH HANDLING RECOMMENDATIONS FOR AFFILIATE ORGANIZATIONS

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All funds collected at the building level go through a rigorous accountability process from the moment they are received until they are deposited in the bank. The whole goal of these procedures is to reflect best practices in this area of accounting and reduce the opportunity for the misidentification of funds or even theft.

As a district, it is recognized that we have limited input or control over the way Affiliate Organizations manage funds. We do, however, know that if something goes wrong, we all tend to get painted with the broad brush of negative public perception. To minimize this risk, we are providing cash management suggestions, which we hope you will find helpful. Details on how the district handles cash is outlined in the [DMPS Financial Services Manual](#) under the “Collection of Money” section and is offered to Affiliate Organizations as a best practice guide.

### BEST PRACTICES

Below are simple steps Affiliate Organizations can follow to improve the security and accountability of collected and dispersed funds:

- Make good written policies for your organization for money handling and investing.
- Provide a pre-numbered receipt to donors when taking money from individuals.
- Have at least two people independently count and verify the cash or checks received from an event prior to making out the deposit slip.
- Whenever possible, deposit the funds at your local bank the day the funds are received.
- When you cannot get to the bank, never leave cash in a vehicle or lying around the house. Always secure the funds in a safe location.
- Make sure your bank account has updated and current signatures on file.
- Require the organizational treasurer to regularly report on financial statements and the bank reconciliation to the membership.
- Annually conduct an internal audit using at a minimum of two members (other than the treasurer) to analyze bank statements and the checking account register.
- Evaluate the safety of money management practices for your organization on a regular basis.
- Have at least two people approve all expenditures.

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## APPROPRIATE EXPENDITURES

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### INDEPENDENT AFFILIATE ORGANIZATIONS

If the Affiliate Organization is an entity legally separate from the district, the appropriateness of a particular booster club expense is determined by the organization, not the district.

Determination of an “appropriate” expense of a booster club should be considered within the context of the organization of the entity, [IRS business structure](#), articles of incorporation, mission, purpose, by-laws, communicated purpose of the fundraiser from which funds will be expended, and so forth. Affiliate organization can be organized in a variety of ways, thus an appropriate expense for one Affiliate Organization may not be an appropriate expense for another. The Affiliate Organization should consult its own attorney if it is unsure whether an expense is appropriate.

If an Independent Affiliate Organization wants to offer students “grants” to attend activities such as out-of-season camps, the Affiliate Organization should be mindful of relevant [Internal Revenue Code](#).

### DEPENDENT AFFILIATED ORGANIZATIONS

While the funds maintained within a Custodial Fund Account for these Affiliate Organizations are not district funds, the use the funds must follow all DMPS [policies](#) and all procedures outlined in the [DMPS Financial Services Procedure Manual](#). Consequently, the funds must be expended only for legitimate public purposes and must be used to support the educational mission of the district.

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## RESTRICTIONS ON PUBLIC ENTITIES & EMPLOYEES

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### PUBLIC PURPOSE

As a public organization, all purchases made using district funds must have a *legitimate public purpose*. A legitimate public purpose means a purpose or use which falls clearly within the statutory charge or mandates of the district. Accordingly, district funds are to be expended only for legitimate public purposes and not for private personal gain for which services of comparable value have not been rendered to the district.

Consequently, the use of district funds, including those given to the district by Affiliate Organizations, must primarily benefit and promote the welfare of the district and its students and support the educational mission of the district.

### IOWA GIFT LAW

All District employees are *public employees*, and [Iowa Code Chapter 68B.22](#) outlines responsibilities public employees have concerning gifts. In addition, [Board policy 437](#) states “only those gifts and honoraria permitted by law may be received by a district official, employee, or members of their immediate family.”

Accordingly, DMPS employees (or the person’s immediate family) may ONLY accept “nonmonetary items with a value of three dollars or less.” Applying the public purpose directive, it would not be appropriate for Affiliate Organizations to provide school employees monetary gifts for personal use. As a district, we ask parents and staff alike to be mindful of these limitations.

As a practical application of this Iowa code provision, if an Affiliate Organization wants to provide a monetary gift to a classroom teacher for the purpose of buying supplies, etc. it would not be appropriate to give the money or a gift card directly to the teacher. We would suggest two alternative methods that would in best practice comply with the spirit of this law. These are as follows:

1. Gifts directed to the school for classroom can be given directly to the district and designated for that teacher to use. These gifts are considered donations to the district. When the teacher purchases supplies using the district p-Card (a credit card available in each building) or by using a district purchase order, the district can pay for these directly from the account where the gift was received.
2. The other method would be for the Affiliate Organization to inform the teacher of the amount they have to spend. The teacher can buy the supplies out-of-pocket and then turn in a receipt to the organization’s treasurer who will provide a reimbursement.



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## FUNDRAISING

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The district values its partnerships with Affiliate Organizations as we work together to increase the resources available to our student programs and activities.

We always want to be sensitive to the number of times the community is asked for additional resources and make the most of these limited opportunities. To that end, the district has established guidelines to help guide our decision-making process and provide for a “screening or clearing” system that allows the district to keep a pulse on the number and types of initiatives in place at any one time. We would ask that any group contemplating a fundraising effort to please read through these policies and to follow the process prescribed. These guidelines can be found in the DMPS Business & Finance Procedure Manual - Fundraising.

### FUNDRAISING BY AFFILIATE ORGANIZATIONS

If fundraisers are being conducted by an outside entity, with an intent to donate the funds or item purchased from those funds back to the district, a [Fundraiser Information and Approval Form](#) must be completed and receive appropriate approvals prior to starting the fundraiser and advertising for the fundraiser. The form must be signed by the sponsor (e.g., PTA president), AD (for middle and high schools), building administrator, and the district Executive Director of Operations (if the fundraiser is for a capital improvement project) and then turned into the building bookkeeper/office manager.

To establish responsibility and promote transparency, all fundraising activity conducted by Affiliate Organizations must clearly be identified as sponsored by an outside group.

#### *Independent Affiliate Organizations*

Funds raised by *Independent Affiliate Organizations* are raised or donated with a specific intent; these funds do not necessarily benefit the school or a school group. The money is donated with a specific intent that could even benefit the donor. An example would be a pancake breakfast to help raise money for a family in the school district who lost a home in a fire.

If an Independent Affiliate Organization uses students to help conduct its fundraiser, that does not make the fundraiser a district fundraiser. Students may volunteer to assist an Independent Affiliate Organization outside of school hours. The students could not imply they are representing the district or any student activity when they volunteer. If students are volunteering to participate in the Independent Affiliate Organization’s fundraiser, it would need to be clear to the public that the fundraising event is not school-sponsored or school-sanctioned and donations to the activity are not donations to the district.

Please note that if fundraising occurs during the school day or on school property, the district has authority to regulate such fundraisers and the use of those funds.

Funds raised by Independent Affiliate Organizations that are subsequently given to the district are considered public funds and are subject to all district rules. As such, funds given to the district can only be expended for legitimate public purposes and must be used to support the educational mission of the district.

### **Dependent Affiliate Organizations**

Funds raised by *Dependent Affiliate Organizations* (i.e., those that have a district 91 account) are subject to all district rules. All funds raised are considered public funds, must be expended only for legitimate public purposes, and must be used to support the educational mission of the district.

### **Using District Resources for Affiliate Organization Fundraisers**

When an Affiliate Organization is considering some type of fundraising activity within the school facility during school hours (after receiving appropriate approvals), that group should consider whether or not resources are available within the group to do it.

Asking district employees to perform non-district work during work hours takes away from their regularly assigned job responsibilities. Only certain staff positions within DMPS (such as Activities Directors) have job responsibilities that are inclusive of fundraising. Affiliate organizations should not ask DMPS staff to collect money for T-shirts (or other similar fundraising items) on behalf of the PTO during the day.

The district/school can provide Affiliate Organizations a location in the building where an Affiliate Organizations member can be positioned to carry out the fundraising activity.

### **Games of Chance**

A game of chance is a game in which chance, rather than skill, determines the outcome. For example, purchasing a raffle ticket is a game of chance. Per district policy, **Games of Chance are not allowed for DMPS organizations nor Dependent Affiliate Organizations.**

**Independent Affiliate Organizations** may conduct games of chance. Any group contemplating conducting a game of chance fundraiser should read through the information from the [Iowa Department of Inspections and Appeals](#) for the latest forms to use when applying for a charitable gambling license. Independent Affiliate Organizations sponsoring a game of chance fundraiser are responsible for obtaining their own gambling license and completing the applicable paperwork for the state reports.

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## CONCESSION STANDS

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Running a concession stand can be a daunting task! Below are some best practices that may help you when you undertake this endeavor.

An inventory should be maintained for items sold at the concession stand and the number of items sold each day the concession stand is open should be reconciled to the dollar amount collected daily. NOTE: Schools cannot buy items for concessions using the district tax-exemption and/or discounts for concessions run by an Independent Affiliate Organization.

If students are volunteering in the concession stand, adults should take money and make change, if possible.

Collected money should be counted by at least two people at the end of the concession. Many banks have night drops, which allow customers to make after-hours deposits.

Reminder: The school cannot accept funds for “safekeeping” from an affiliate organization for multiple reasons. First, keeping monies that belong to another organization or person on district property on a regular basis is a violation of our district best practice cash handling procedures. Additionally, once money is received by a district employee, these funds become district funds and need to be deposited into a district account as public funds.

The concession manager should regularly report sales and inventory information to the larger affiliate organization.

Per the Iowa Department of Education, the concession stands should have a sign that states who is running the stand and what the benefit is for.

**Example:** *PTO Run Concession Stand (Specific Benefit):* Thank you for supporting the Hoover/Meredith Boosters with your concession purchase. Proceeds tonight will benefit the Meredith Chess Club.

**Example:** *PTO Run Concession Stand (Generic Benefit):* Thank you for supporting the Callanan PTO with your concession purchase. Proceeds are used to support students and teachers at Callanan Middle School.

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## FINANCIAL REPORTING

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As previously mentioned, the bylaws of the Independent Affiliate Organization may require certain activities such as appointing board members, holding and documenting meetings, maintaining records, and depending on amount of annual revenues, filing an annual 990 Tax Return. Maintaining records would include financial reporting.

It is best practice for your Treasurer or President of the Board to compile quarterly and annual financial reports to be shared with the Board. At minimum we recommend the following reports and documents be provided:

1. A revenue and expense statement that would reflect financial transactions that occurred within your organization during the prior quarter and then at the end of the fiscal year (generally June 30).
2. A simple balance sheet showing your beginning and ending assets / liability and fund balance totals for transactions that occurred within your organization during the prior quarter and at the end of the fiscal year.
3. A copy of your monthly bank statements.

As the Independent Affiliate Organization was formed to support needs of the District, we request a copy of the annual financial reports be provided to the District Controller prior to August 15<sup>th</sup> each year, which is the commencement of the district annual audit.

DMPS Controller, Business and Finance  
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