



Parent Teacher Organizations and Charitable Trust Requirements

Many parents are involved in parent teacher organizations in which they raise funds for the benefit of their children's school. This charitable fundraising subjects parent teacher organizations to two laws: the Charitable Trust Act (760 ILCS 55/1) and the Solicitation for Charity Act (225 ILCS 460/1).

To help parent teacher organizations better understand their requirements under these statutes, we created this guide. For further assistance, we encourage parent teacher organizations to consult with their school district's attorney or a private attorney.

Charitable Exemption for Parent Teacher Organizations

Generally, any organization that holds or solicits funds in Illinois must register with the Illinois Attorney General's Office *prior* to any solicitation of funds. Registered organizations are also required to file annual reports with the Illinois Attorney General's Office.

However, a parent teacher organization is *exempt* from these registration and reporting requirements if it meets **all** of the following conditions:

1. The organization is a parent teacher organization controlled by teachers and parents of children attending a specific school (the school can be public or private);
2. The school name is included in the organization name;
3. The school name is specified when fundraising or soliciting donations;
4. The donations are for the benefit of that particular school;
5. All of the contributions, minus reasonable expenses for fundraising and parent-teacher activities, are turned over to the school;
6. All fundraising is conducted by unpaid individuals. These individuals are not compensated directly or indirectly for their fundraising services;
7. The total contributions, less reasonable fundraising expenses, do not exceed \$50,000 in any calendar year;
8. The organization provides the school at least annually with a complete accounting of all contributions received; and
9. The governing board of the school certifies to the Attorney General, if requested by the Attorney General's Office, that the parent teacher organization has provided the school with a full accounting and that the organization has provided benefits and contributions to the school.

A parent teacher organization is *not exempt* from the registration and reporting requirements if:

- the parent teacher organization raises more than \$50,000 in a calendar year;
- the parent teacher organization uses a paid professional fundraiser; or
- the parent teacher organization does not meet all of the other above requirements for the exemption.

Safe Harbor Provision: This information is not intended to serve as an inclusive filing list for all not-for-profit organizations. There are various types of not-for-profit organizations with varying filing requirements. Therefore, all organizations should exercise due care in ensuring regulatory requirements are fulfilled.

A parent teacher organization required to register and file an annual report will also need to provide audited financial statements, if:

- the organization uses a paid professional fundraiser that raises in excess of \$25,000; or
- the organization receives contributions in excess of \$300,000.

Registration with the Illinois Attorney General's Office

To register with the Illinois Attorney General's Office, a parent teacher organization that does not meet all of the above mentioned exemption requirements should complete and submit Form CO-1 with all necessary attachments and the \$15 registration fee payable to "Illinois Charity Bureau Fund."

Instructions and forms are available online at

http://www.illinoisattorneygeneral.gov/charities/register_report.html.

Contact the Charitable Trust Bureau at 312-814-2595 with any questions.

Annual Filing Requirement with the Illinois Attorney General's Office

A registered parent teacher organization must file an annual report (Form AG990-IL) with the Illinois Attorney General's Office within six months of the organization's fiscal or calendar year end. A 60-day extension of this due date can be obtained by submitting a written request to the Illinois Attorney General's Office prior to the due date. The annual report must be submitted with a \$15 filing fee payable to the "Illinois Charity Bureau Fund." There is a mandatory \$100 late report filing fee for reports filed after the deadline.

Filing requirements are based on the gross revenue and assets of the organization. Additional information, including a link to the AG990-IL, is available online at

http://www.illinoisattorneygeneral.gov/charities/register_report.html.

If an organization receives more than \$15,000 in gross revenue in a calendar year or has more than \$4,000 in assets, then the organization must file an AG990-IL.

Organizations with gross revenue and assets of \$25,000 or less during the fiscal year may file AG990-IL disclosing only total revenue, total expenditures and assets at the end of the fiscal year (Line A, G and O of the AG990-IL).

If the organization has more than \$25,000 in gross revenue and assets, they must file a complete AG990-IL. Organizations required to file with the IRS must submit a copy of that report or return along with the AG990-IL. Two individuals (the president or authorized officer and the treasurer or two trustees of the organization) must sign the AG990-IL.

In addition, if an organization's gross contributions exceeded \$300,000, or if the organization used a paid professional fundraiser that raised contributions in excess of \$25,000, audited financial statements are required.

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Instructions are available online at <http://www.illinoisattorneygeneral.gov/charities/ag990-instructions.pdf>.

Annual Filing Requirements with Other Agencies

In addition to any filings with the Illinois Attorney General's Office, parent teacher organizations must file annual reports with other agencies.

A Corporate Annual Report is to be filed with the Illinois Secretary of State's Office annually prior to the first day of the corporation's anniversary month (the month in which their articles of incorporation were filed). An authorized officer of the corporation must sign this report and there is a \$10 filing fee for reports filed on time. Late reports incur a \$3 penalty fee per state law.

Failure to submit this report may cause the organization to be involuntarily dissolved or have its certificate of authority to transact business in Illinois revoked. Information and instructions are available online at

http://www.cyberdriveillinois.com/departments/business_services/annual_reports/corp_instructions.html.

Your annual information return requirements with the IRS will vary based on your organization's gross revenue.

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Frequently Asked Questions

I'm a new board member of a parent teacher organization. What documents should I look for?

Board members have a fiduciary duty to manage the organization's money and resources responsibly and ethically without conflict of interest. Look for your organization's past filings with the Illinois Attorney General's Office, the organization's Articles of Incorporation, past meeting minutes and IRS filings. Also, review financial information such as the annual accounting the organization provides to the school to understand your organization's financial standing and if your organization may need to file an annual report with the Illinois Attorney General's Office.

What should the parent teacher organization do if we can't find these documents?

The Illinois Attorney General's Office maintains a database of registered charities. This database can be accessed at <http://www.illinoisattorneygeneral.gov/charities/index.html>. For additional information on filings with the Illinois Attorney General's Office, please contact the Charitable Trust Bureau at 312-814-2595.

For the organization's Articles of Incorporation, contact the Secretary of State's Office at 217-782-6875. Information on corporations registered with the Secretary of State's Office is available online at <http://www.ilsos.gov/corporatellc/>.

For questions regarding non-profit organizations and the IRS, contact the IRS Tax Exempt and Government Entities Customer Account Services toll-free at 877-829-5500.

What should our parent teacher organization do if we missed a filing?

If your organization missed a charitable filing, contact the Illinois Attorney General's Charitable Trust Bureau at 312-814-2595 to determine what paperwork and filing fees are required.

If your organization missed an annual filing with the Secretary of State's Office, please complete the Secretary of State's Application for Reinstatement/Form NFP 112.45/113.60 available online at https://www.cyberdriveillinois.com/publications/pdf_publications/nfp11245.pdf and return to the Secretary of State's Office with the \$10 filing fee plus \$3 penalty fee for late reports.

If the IRS revoked your organization's tax exempt status because the organization failed to submit the required 990 returns for three consecutive years, the organization can apply for reinstatement. For more information, visit <https://www.irs.gov/Charities-%26-Non-Profits/Charitable-Organizations/Automatic-Revocation-How-to-Have-Your-Tax-Exempt-Status-Retroactively-Reinstated>.

What should we do if we need to update the parent teacher organization's information with the state?

If any of the information has changed since the organization registered with the Illinois Attorney General's Office, the organization must notify the office within 10 days of any change. Please put any changes in writing and mail to the Office of the Attorney General, Charitable Trust and Solicitations Bureau, 100 W. Randolph Street, 11th Floor, Chicago, Illinois 60601.

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Organizations must file an annual report with the Secretary of State's Office detailing the officers and directors. The annual report is due before the first day of the corporation's anniversary month (the month the corporation was formed) each year. Please indicate any change in officers and directors in this report.

If there has been any change in the organization's name or purpose, amended Articles of Incorporation must be filed with the Secretary of State's Office. Also, if the organization needs to change the name of their registered agent or if the organization merges, dissolves or needs to be reinstated (for instance, after failing to file an annual report), paperwork must be completed with the Secretary of State's Office. All forms for these reports are available from the Secretary of State online at https://www.cyberdriveillinois.com/publications/business_services/nfp.html.

How do we renew our tax exempt status?

To renew your Illinois sales tax exemption, contact the Illinois Department of Revenue. For more information on the paperwork that will need to be submitted, visit <http://www.revenue.state.il.us/NonProfits/renewal.htm>. If you have any questions, contact the department at 217-782-8881.

To maintain federal tax exempt status, an organization must complete the annual filing requirements with the IRS. After failing to complete the required 990 for three consecutive years, the IRS will revoke an organization's tax exempt status.

A group of parents wants to start a new organization. What do we do?

For more information about forming a charitable organization, please visit http://www.illinoisattorneygeneral.gov/charities/Charitable_Organization_Checklists.pdf.

In general, an organization will need to file Articles of Incorporation with the Secretary of State's Office, develop bylaws and establish the board of directors, and, if applicable, register with the Illinois Attorney General's Office. Note: If your parent teacher organization meets the exemption listed above, you do not need to register with the Illinois Attorney General's Office.

To register with the Illinois Attorney General's Office, the organization will need to complete the CO-1 Form and submit it with the required attachments prior to soliciting any donations. In addition, organizations may wish to file for tax exempt status with the IRS and the Illinois Department of Revenue.

What should we do if there is money left over at the end of the year?

All of the contributions, minus reasonable expenses for fundraising and parent-teacher activities, are to be turned over to the school.

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Who is considered a “professional fundraiser” and what happens when one is used?

The statute defines a “professional fundraiser” as any person who for compensation **conducts, manages or carries** on any solicitation or fundraising drive or campaign in Illinois or on behalf of a charitable organization in Illinois. A professional fundraising consultant, who only plans, advises, consults and/or prepares materials for a fundraising campaign is **not** considered a professional fundraiser unless his or her compensation is based on a percentage of funds raised. (225 ILCS 460/1(d) and (e))

If your organization is utilizing a paid “professional fundraiser” to conduct a fundraising drive or campaign, and the organization raised in excess of \$25,000 in any 12-month period, audited financial statements must be filed with the Illinois Attorney General’s Office.

What should we do if we have a question?

Contact the Charitable Trust Bureau at 312-814-2595.

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Resources for Charitable Organizations State Agencies

Illinois Attorney General's Office

Charitable Trust Bureau
100 W. Randolph Street, 11th Floor
Chicago, Illinois 60601
Phone: 312-814-2595

Illinois Department of Employment Security

Employer Support Hotline: (800) 247-4984

Illinois Department of Revenue

Local Government Services Bureau MC 3-520
101 W. Jefferson Street
Springfield, Illinois 62702
Phone: 217-782-8881

Illinois Secretary of State

Department of Business Services
501 S. Second Street, Room 350
Springfield, IL 62756
Phone: 217-782-6961 or 312-793-3380

Internal Revenue Service (IRS)

You may direct technical and procedural questions concerning charities and other nonprofit organizations, including questions about your tax-exempt status and tax liability, to the IRS Tax Exempt and Government Entities Customer Account Services at (877) 829-5500 (toll-free) or write to the IRS at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

Helpful Links

A Guide for Organizing Not-For-Profit Corporations from the Secretary of State's Office
http://www.cyberdriveillinois.com/publications/pdf_publications/c165.pdf

Illinois Nonprofit Principles and Best Practices from the Donors Forum

<https://myforefront.org/sites/default/files/files/pages/Purple%20Book%20PDF.PDF>

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