

Sanctioned Organizations – Frequently Asked Questions

What does it mean to be sanctioned?

Sanctioning by the School District merely enables an organization to operate for the benefit of students of the School District without being subject to the statutory controls over student activity funds as set forth in the Oklahoma School Code, Okla. Stat. Tit. 70, Section 5-129. The organization is responsible for complying with all federal and state laws. The School District **does not** have responsibility to ensure compliance by the sanctioned organization.

Does sanctioning make the organization tax-exempt?

No. The organization is subject to income taxes unless it has received exemption from the IRS.

How does the sanctioned organization apply for tax-exempt status?

By first obtaining a taxpayer ID number (TIN) and then filing IRS Form 1023. Refer to IRS Publication 557, Exempt Status for Your Organization. Organizations with average annual gross receipts less than \$5,000 and meet the criteria stated in Publication 557 do not need to file Form 1023 to receive exempt status.

Are PTOs and PTAs automatically tax-exempt?

No. PTOs still have to apply for exemption. However, a PTA that is a member of the national Parent Teacher Association may be covered under a group exemption. Consult with the national organization.

Does tax-exempt status mean that an organization does not have to file an annual tax return?

Tax-exempt organizations are required to file an annual information return (IRS Form 990, 990-EZ, or for organizations with annual gross receipts less than \$50,000, Form 990-N e-Postcard). Consult a tax professional.

Are donations to the sanctioned organization tax-deductible to the donor?

Only if the organization has received exemption from the IRS under internal revenue code 501(c)(3).

Can a sanctioned organization use the taxpayer ID number of the School District?

No. The sanctioned organization is an entity separate from the School District and must use its own taxpayer ID number. Sanctioned organizations **may not** use an individual's social security number as its taxpayer ID number. Legally, income would be reportable to the IRS on that individual's income tax return. Also, the bank account would be construed to be owned by that individual and could be seized in the event of a legal or tax judgment against that individual.

How does the sanctioned organization acquire its own taxpayer ID number?

By completing and filing IRS Form SS-4. This can be done via telephone (to receive your TIN immediately), by fax (to receive your TIN in approximately 4 days) or by mail (allow 4 to 5 weeks). Forms are available online at <http://www.irs.gov>. The Tele-TIN phone number is 1-800-829-4933. (The IRS suggests that you complete Form SS-4 prior to calling so that you will have all the relevant information available.) The Fax-TIN phone number is 1-859-669-5760.