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ILLINOIS PTA GUIDELINES FOR E-COMMERCE ACTIVITIES

The Illinois PTA has had a fund-raising position for many years. Fund raising guidelines and policies are found in the Illinois PTA yearbook.

Fund raising is not and should not be the primary function of the PTA. Fund raising should only be done to meet the needs of the current budget as adopted by the local PTA unit or council's general membership.

Internet sites are being promoted as a fast and easy way to supplement a PTA's budget. These may be referred to as Internet e-commerce sites, electronic shopping malls, etc.

When considering any fund raising project, a local unit or council should secure information regarding the company. Investigate business practices and customer service to determine the pros and cons of the project.

Units considering fund raising through Internet sites and/or electronic shopping malls **MUST** use caution.

- Determine that the profit generated is worth the time and energy necessary for the PTA to continually monitor the project.
- Develop a written agreement to include and define the following:
 - type of relationship between PTA and the company;
 - participation is to be non-exclusive;
 - activity term to be 12 months or less;
 - states clearly that it does not imply endorsement of company or product(s);
 - passive role of PTA;
 - use of PTA name;
 - PTA retains the right to review all promotional material with the power to reject anything considered inappropriate;
 - privacy policy language is included;
 - names of PTA members will never be released;
 - clearly states payment policy and schedule
- Review of the agreement (contract) by the PTA executive committee and legal counsel

If the agreement (contract) is approved by the general membership, **ONLY** the president has the authority to sign the agreement.

Information gathered from the Internal Revenue Service indicates that income from Internet sites would be treated no differently than any other income. Funds received from this type of activity may be considered as royalties if the PTA role is a passive one, or be considered as Unrelated Business Income. To be considered Unrelated Business Income three factors must be present:

- From a business
- Is regularly carried on, and
- Is unrelated to the organization's exempt purpose

The PTA name may never be used to promote or endorse a commercial entity or its goods or services, as a requirement of its 501(c)(3) status from the Internal Revenue Service. The names of PTA members may never be released and many restrictions apply in regard to the promotion of commercial entities in a PTA newsletter.

Due to regulations pertaining to not-for-profit organizations, the sale of merchandise by PTAs should be limited to persons residing in Illinois. Therefore, PTAs should not use their websites for fundraising purposes.

Since rules governing e-commerce and sponsorship payments continue to evolve, each PTA should continue to check with the Illinois PTA, their tax advisor, or legal counsel.

Adopted by the Illinois PTA Board of Managers-January, 2001