

School's Donation Policy FAQ

Thank you for caring about our school and the children we serve. The information below will help you understand the relationship between the school and the Booster Club and how your donation will be put to use.

A group of parents came to us in 1999 with the request to form a Parent Booster Club to raise funds to enhance the education of the children attending Monroe Montessori School. After meeting with a lawyer and a Certified Public Accountant, an application was made to the IRS to approve the Booster Club as a 501c3 non-profit organization under the following conditions: it could raise funds to enable educational materials to be purchased and it could raise funds designated for enrichment experiences for children attending Monroe Montessori School. Specifically the Booster Club is not allowed to raise money for teacher training/workshops, pay for items that would normally be part of the ongoing expenses of the school such as landscaping, janitorial services, electric bills, classroom consumable supplies, etc. or raise money for any political purpose. In addition if the Booster Club changed its bylaws or purpose they would need to inform the IRS of the change and if disbanded would be required to give all assets to another non-profit organization named in the original documentation. A copy of the official IRS [Letter of Determination](#) is posted on the school website.

To keep the legal structure of the Booster Club as simple as possible, it is not allowed to hire or pay employees. Board members are elected as volunteers on a yearly basis each May for the following school year. The Booster Club meets as needed during the school year, typically once a month. The Booster Club decides on how it is going to raise funds, if any, during the year. There is usually a small fund raiser in the fall and a main fund raiser in the spring. Decisions made by the board are kept by the Booster Club secretary in a binder in the office. The Booster Club is required to file an annual tax return due on May 15th each year that is audited by

an independent CPA showing the source of money raised as well as money disbursed. The tax return, like all 501c3 non-profits, is available to the general public.

FAQ's on Use of funds

Typically a school administrator presents a proposal to the PBC for approval for the following school year in late spring. Primarily it consists of a block grant to fund enrichment experiences as well as a budget for non-consumable Montessori materials requested by the teachers. In addition the Booster Club budget also contains PBC line items for particular projects that it seeks to fund such as assemblies, student leadership workshops, Science on Wheels, social events for the school community, nominal gifts to volunteers, etc. While a school administrator is present at the meeting, he or she is a non-voting member of the PBC. After a consensus is reached by the board a vote is taken and a budget is passed. Notice of the approved budget is sent to parents, posted on line as well as placed on the bulletin board in the hallway outside the office for review by interested parties.

Why does the Booster Club need to raise money for enrichment?

A stated goal of Monroe Montessori School is to keep tuition prices for families at one of the lowest levels for Montessori schools in the Puget Sound area. Tuition alone does not cover the full cost of the educational experience the children receive at Monroe Montessori. Through the on-going generosity of parents and friends of the school, funds are raised to cover the costs of providing and maintaining a strong music, art, and foreign language experience at our school.

Why does the school ask for enrichment support using a block-grant?

Because the Booster Club is not legally able to pay

employees it can not directly hire the enrichment specialists. While the school would be able to do a more bare bones art, music, foreign language curriculum, it is only through raising additional enrichment funds that the school is able to offer an enhanced educational experience to the students. The block-grant approach allows the school flexibility to use available funds in attracting and keeping the enrichment specialists as well as taking on full responsibility for payroll taxes and filings with the state and federal government. Any cost over-runs by the school within the enrichment specialists budget are paid for by the school and not the PBC. If the funds granted are not used for enrichment, for example the school choosing to curtail or limit enrichment programs, the balance of funds not used by the school are returned to the PBC and are placed in their general budget.

Is it legal for the Booster Club to provide funds for enrichment?

After several meetings with a lawyer and a CPA, it is legal, provided the Booster Club does not grant funds to the school for items not established in the original documentation. For example if the Booster Club was to pay for the staff to go to teacher workshops, purchase common consumable items for the classroom, or give a bonus to a teacher or set of teachers for going above and beyond the call of duty that would be considered a violation of the stated purposes of the Booster Club and would jeopardize its 501c3 standing with the IRS unless immediately rectified.

Does the PBC direct the school on who to hire as enrichment specialists?

While the PBC takes responsibility for helping raise money and approve its own fund raising budgets, it does not implement or direct the enrichment of the educational experience of students nor does it have direct influence or input on the school's budgeting and hiring process.

Are items in the classroom that have been funded by the PBC, labeled as owned by the PBC?

Once the item is purchased there are two options for the PBC. One, it can retain full ownership of the item in the classroom. A label, if put on the item, states on the back the letters PBC. It does not state the name of the donor. Sometimes it is to the advantage of the PBC to gift an item to the school. The playground equipment for example was \$48,000+ to purchase. Part of the money to purchase playground equipment was raised by the PBC and gifted to the school. In the process of gifting, the PBC gained the advantage of being released of any future legal liability for said equipment. Items gifted to the school by the PBC that fall within its legal ability to do so are declared and itemized by the school in an annual report to the IRS.

If the PBC gives the school a block grant to purchase items instead of purchasing them independently, how is the money used tracked?

A well equipped Montessori preschool classroom typically has between \$25k and \$30k of materials. We take pride that Monroe Montessori's classrooms are fully equipped and rival those of schools whose tuitions are twice what we charge. In large part it is thanks to the generosity of parents who have raised funds over the years that has allowed us to reach this goal. To track how the money is spent each year, teachers are given a budget to purchase non-consumable Montessori materials for their classroom. Teachers have to account for their budget and turn in their orders to the office. Teachers are allowed to combine their budgets to purchase larger items such as a Neinhuis Montessori map cabinet that may cost \$1000 or more.

What happens to funds that were given for a specific purpose and the item turns out to cost less?

Sometimes items cost more than designated, sometimes they cost less and sometimes the item is not purchased because of a change in sentiment or more information about the efficacy of the item is learned. Line item funding typically stays in the PBC's account until the item is actually purchased by the school and then a request for reimbursement is made. If the item is not purchased, the

money remains in the general budget of the PBC. If the item costs less than projected after reimbursing the school, the balance of the money remains in the PBC budget and can be used by the PBC for other purposes.

Does the PBC ever give the school \$20,000+ for materials?

Material budget requests are often in the range of \$3k to \$6k. A request for \$20k would most likely include funding for enrichment specialists or a special one time purchase such as with the playground. Referring to the posted PBC budget would clear up what the funds were used for.

If I purchase an item at the school auction is all of it considered a tax deductible donation?

Sometimes that is the case such as when the stated value of an item purchased is \$0.00 or you make a straight donation of cash. If the item you purchased costs more than the stated value established by the donor, the excess value is potentially tax deductible. Sometimes an item is purchased by the PBC to put in the auction. Purchasing a cruise for example may cost the PBC \$1800, at the auction it goes for \$2400. The benefit to the PBC and the potential tax deduction to the purchaser is \$600 not \$2400. Every auction has an overhead that varies depending upon the venue, the caterer, and pre-purchased items. The ticket price in most cases comes close to covering the basic overhead but on occasion it hasn't. The PBC holds funds in a rainy day budget to handle cost over-runs that occasionally occur or it has the option to solicit private donations to make up the difference.

The school's gift policy

The administration's desire is to put your donation, regardless of whether it is through Monroe Montessori School, Inc or the non-profit Monroe Montessori Parent Booster Club(PBC), to the best and highest use possible as we strengthen our programs and our school. The children attending Monroe Montessori School have benefited from the legacy of gifts families have given since it was founded in 1978. Gifts of money or other items to the school by parents, the

PBC, or other donors does not constitute a contract or promise by Monroe Montessori School, Inc. or its staff to offer specific class or program levels, employment of specific teachers or assistants, use of specific vendors or specific contractors or implementation of a school improvement project by a certain date unless such date is specified in writing. If donated funds, even with the best of intentions by the donor, results in obligations that interfere with the direct operation and educational goals of Monroe Montessori School, Inc., the school reserves the right to return the donation and to modify its policies.