



Project/Event Guidelines

Local/Council PTAs can be the sponsor of projects and events, such as Project Graduation, after-prom lock-in, grade-level banquets, etc., as long as proper procedures are followed.

A project or event that occurs annually should be listed as a standing committee in the standing rules, functioning as any other committee. The committee chair submits a detailed Plan of Work for board approval. If the project or event occurs only once, as in the case of a campus anniversary or rededication ceremony, the board creates a special committee that would not be included in the standing rules but would have a line item in the budget.

The Local/Council PTA may have a separate checking account for these recurring projects/events, but the signers on this account are the same signers as on all other Local/Council PTA accounts. The bank account is in the name of the Local/Council PTA (for example, Lubbock High School PTSA Project Graduation), and the PTA's EIN is used. If a separate, designated account is established:

- A separate financial report is presented at every meeting.

- A separate budget is adopted and amended, as needed, by the membership.

- Bank statements are opened, reviewed, dated and signed by a non-signer on the account.

- The financial reconciliation committee shall perform a separate financial reconciliation on each Local/Council PTA account.

- Fundraisers with funds dedicated specifically for these projects/events are approved by the membership.

The chair of these projects/events are appointed by the Local/Council PTA president, subject to the approval of the board, unless listed as a duty of an elected officer in that Local/Council PTA's bylaws or standing rules. The chair must be a member of that Local/Council PTA, and the committee members must also be members of that PTA.

The committees for these projects/events are not and do not operate as a separate board of directors. They are a committee, and committees do not have officers.

Any income from these projects/events (ticket sales, donations, etc.) is considered Local/Council PTA income and is included as such for IRS Form 990 and Governmental Accounting Standards Board (GASB) Statement #39 purposes. *(For more information on the GASB #39 Form, visit the Resources page of the Texas PTA Web site.)* Income from these projects/events is exempt from federal income

tax and state franchise tax. Purchases made for these projects/events are exempt from state sales tax. If sales tax is paid for purchases, the tax should not be reimbursed.

Designated incoming funds can either be deposited into a designated event/project account or designated on the budget if included in the operating account. To designate an item on the budget, the income and corresponding expenses is marked with an asterisk and a footnote explaining their designated use.

Small token donations may be made to another group (for example, a Project Graduation organization that is not part of the Local/Council PTA or a reunion/alumni fund) provided all of the following criteria are met:

1. The membership votes to make the donation.
2. The group has 501(c)(3) status and PTA has documentation to prove that.
3. The group shares at least one common purpose with PTA (i.e., to promote the health, education or welfare of children, provide parent education or raise the standards of home life).

Donations designated for these projects/events can be considered as charitable contributions from the donors and may only be used for these projects/events. Any requirements by the donor associated with a designated donation should be provided in writing. The Local/Council PTA is obligated to review and follow such requirements (i.e., TxDOT funding).

The amount, up to the entire ticket price, for admission tickets donated to attendees is considered a charitable donation to the Local/Council PTA for IRS purposes.

Any Local/Council PTA scholarships given at the event must follow the established Texas PTA Scholarship Guidelines. *(For more information on the Texas PTA Scholarship Guidelines, visit the Resources page of the Texas PTA Web site.)*

The Local/Council PTA should retain insurance (liability and fidelity bond, accidental medical, officers' liability) in order for these projects/events to be covered. The Local/Council PTA is not covered by the school district's insurance.

Local/Council PTA funds, including these project/event funds, may not be used to benefit an individual. Individual benefit must be considered whenever prizes are offered to attendees:

Small nominal prizes may be provided to participants (for example, a gift basket with coupons, first aid kits donated by a local hospital, toothbrush, toothpaste, 99-cent laundry bag, and/or promotional items from local businesses or PTA).

The IRS does not qualify the term "nominal" with a dollar amount. According to the legal counsel for Texas PTA, "nominal" can only be applied to non-cash items, and those items cannot exceed \$15 in value. Cash (defined to include but not be limited to cash, checks, gift cards,

and gift certificates) is never considered nominal in value, is considered taxable income to the recipient and, in all cases, violates IRS individual benefit restrictions.

Prizes of greater value cannot be awarded.

If an admission is charged and prizes are given to attendees by drawings, this violates IRS code regarding individual benefit and this process could be considered a raffle, which is subject to additional regulations set forth by the Texas Attorney General's office. *(For more information on these regulations, see the Texas PTA Treasurer's Guide, which may be purchased or downloaded from the Texas PTA Web site).*



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