



Treasurer
2021 - 2022

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About PTA

VISION Every child's potential is a reality.

MISSION To make every child's potential a reality by engaging and empowering families and communities to advocate for all children.

PURPOSES

- To promote the welfare of children and youth in home, school, places of worship, and throughout the community;
- To raise the standards of home life;
- To advocate for laws that further the education, physical and mental health, welfare, and safety of children and youth;
- To promote the collaboration and engagement of families and educators in the education of children and youth;
- To engage the public in united efforts to secure the physical, mental, emotional, spiritual, and social well-being of all children and youth; and
- To advocate for fiscal responsibility regarding public tax dollars in public education funding.

VALUES

- **Collaboration:** We will work in partnership with a wide array of individuals and organizations to broaden and enhance our ability to serve and advocate for all children and families.
- **Commitment:** We are dedicated to children's educational success, health, and well-being through strong family and community engagement while remaining accountable to the principles upon which our association was founded.
- **Diversity:** We acknowledge the potential of everyone without regard, including but not limited to: age, culture, economic status, educational background, ethnicity, gender, geographic location, legal status, marital status, mental ability, national origin, organizational position, parental status, physical ability, political philosophy, race, religion, sexual orientation, and work experience.
- **Respect:** We value the individual contributions of members, employees, volunteers, and partners as we work collaboratively to achieve our association's goals.
- **Accountability:** All members, employees, volunteers, and partners have a shared responsibility to align their efforts toward the achievement of our association's strategic initiatives.

PTA NATIONAL STANDARDS FOR FAMILY-SCHOOL PARTNERSHIPS

- Standard 1: **Welcoming All Families into the School Community** Families are active participants in the life of the school, and feel welcomed, valued, and connected to each other, to school staff, and to what students are learning and doing in class.
- Standard 2: **Communicating Effectively** Families and school staff engage in regular, two-way, meaningful communication about student learning.
- Standard 3: **Supporting Student Success** Families and school staff continuously collaborate to support students' learning and healthy development both at home and at school, and have regular opportunities to strengthen their knowledge and skills to do so effectively.
- Standard 4: **Speaking Up for Every Child** Families are empowered to be advocates for their own and other children, to ensure that students are treated fairly and have access to learning opportunities that will support their success.
- Standard 5: **Sharing Power** Families and school staff are equal partners in decisions that affect children and families and together inform, influence, and create policies, practices, and programs.
- Standard 6: **Collaborating with Community** Families and school staff collaborate with community members to connect students, families, and staff to expanded learning opportunities, community services, and civic participation.



Leadership Competencies

Skills and Abilities Effective Leaders Demonstrate

Successful leaders are effective leaders. Think of some of the most effective PTA leaders you have worked with. They certainly fill their PTA role well, but their leadership capacity goes beyond that. They have skills and abilities that allow them to step into a variety of roles. They see the value people have to offer and seek their involvement. They provide a clear purpose that others want to follow. They lead with integrity and strive to continually improve.

Texas PTA has identified a set of competencies effective leaders demonstrate. These skills and abilities can be used by current and potential leaders to help them improve their leadership, and by Local or Council PTA nominating committees to recruit, nominate, and elect effective leaders.

This list is by no means exhaustive. Rather, it is representative of the qualities PTA leaders demonstrate in the work they do to make every child's potential a reality.

| Competencies | Descriptions |
|----------------------------|--|
| Self-Awareness | An individual's ability to assess their own strengths and weaknesses |
| Vision | Demonstrates a clear understanding of the future and how to get there |
| Relationship Building | Develops trust, mutual respect, and values diversity |
| Critical Thinking | Obtains all the relevant information, identifies problems and causes, evaluates information, and determines criteria that indicate solutions |
| Time & Resource Management | Effectively prioritizes and manages resources to accomplish goals of group or project |
| Motivation | Demonstrates and promotes interest and enthusiasm |
| Empathy | Expresses verbal and nonverbal recognition of feelings, needs, and concerns of others |
| Creativity | Sees and thinks of new ideas, alternatives, and ways to do things |
| Communication | Listens actively and conveys information clearly, concisely and accurately in both writing and speech |
| Collaboration | Works as a team to achieve a common purpose Puts service before self |
| Delegation | Shares responsibilities including guidance and follow up |
| Continuous Learning | Pursues development of skills and knowledge |
| Integrity | Doing the right thing when no one is watching |
| Initiative | Steps up unprompted or going above and beyond with excellence |

UPDATED: Diversity, Equity, & Inclusion Policy



This Policy has been updated by the Texas PTA Diversity, Equity, and Inclusion Task Force, adopted by the Texas PTA Board of Directors (“Board”), and is intended to be consistent with the National PTA’s Diversity, Equity, and Inclusion Policy. This Policy is also intended to further the commitment of Texas PTA to diversity, equity, and inclusion, which is: To continually be a voice for all children by reflecting diversity and being inclusive in our membership, leadership, program content, advocacy, training, partnerships, and communications.

We acknowledge the potential of everyone without regard, including but not limited to: age, culture, economic status, educational background, ethnicity, gender, geographic location, legal status, marital status, mental ability, national origin, organizational position, parental status, physical ability, political philosophy, race, religion, sexual orientation, and work experience

Effective Date: This Policy is adopted as of April 19, 2021, shall be reviewed by the Board every two years, and shall remain in effect until amended or replaced in its entirety as a result of action by the Board.

Scope: This Policy shall apply as guidance to Texas PTA, all constituent divisions (Local PTAs and other divisions including Council PTAs), and their respective members.

Definitions: For the purpose of this Policy:

- *Diversity* is the representation of, and respect for, people from different backgrounds and identities—including but not limited to race, culture, religion, socio-economic status, age, geographic area, sexual orientation, and gender identification, language, approaches to learning, diagnoses, or exceptionalities impacting learning or access to learning, and physical appearance. It also involves bringing different ideas, perspectives, lived experiences, talents, values, and worldviews to the table to represent the broad variety of children, caregivers, educators, and communities within the PTA family.
- *Equity* provides fairness and access to resources, opportunities, and outcomes so that all communities get what they need to be engaged and successful. This moves beyond an “equal across the board” approach to:
 - a) Recognize and address bias and privilege.
 - b) Understand and attend to specific individual and community needs, providing additional resources to those with greater needs.
- *Inclusion* is actions, behaviors, and social norms that strive to ensure all people feel they are safe, welcomed, and that they belong. This means putting diversity into action with skill and intentionality to strive to ensure everyone feels respected, supported, and valued—and can fully participate with equal voice and right to be heard. This includes actively seeking out voices that have been traditionally underrepresented and/or marginalized.

Policy: Texas PTA and its constituent divisions (Local PTAs and other divisions including Council PTAs) shall:

- Promote awareness, inclusion, and engagement of all diverse populations represented in the community and encourage all;
- Openly assess beliefs and practices to ensure inclusiveness, equity, and to guard against discrimination;
- Strive to ensure that the membership, leadership, programs, partnerships, and printed materials across Texas reflect the diversity of their communities;
- Communicate with families in their communities in languages which they understand, to the extent possible;
- Identify and address barriers that hinder inclusivity;
- Foster programs and practices that eliminate bias, prejudice, and misunderstanding;
- Advocate for funding, laws, and regulations that support programs, policies, and services that meet the health, safety, and educational needs of all student populations in Texas public schools; and
- Provide resources and training that develop a more diverse and inclusive group of Texas PTA members, leaders, and community.

Texas PTA first adopted a Cultural Diversity and Inclusion policy on July 26, 2012

Getting Started

Quick-start Actions

- Register as a PTA Leader at txpta.org/submitting-board-member-information.
- Work with the outgoing treasurer to review your responsibilities and become familiar with your Local PTA's financial practices.
 - Does our Local PTA file sales and use tax returns tax quarterly or annually? Does the PTA have collected sales tax to remit?
 - Which IRS Form 990 did our Local PTA file this year?
 - Are there any outstanding or recurring bills?
 - What financial tracking program or ledger system does our Local PTA use?
- Become familiar with the adopted budget and work with other officers to determine any needed amendments before the new year begins.
- Develop a Plan of Work and submit it to the executive board for approval.
- Become an authorized signer on all bank accounts and ensure access to bank and e-commerce accounts.
- Provide guidance to incoming executive board members on best practices for your PTA.
- Sign the Texas PTA Confidentiality, Ethics, and Conflict of Interest Agreement.

Duties At A Glance

The treasurer is the authorized custodian of the funds of the association and should serve as chair of the Budget and Finance Committee. A general overview of responsibilities may be found below.

- Study all references to duties and finances in the PTA bylaws, policies, and standing rules.
- Ensure your Local PTA meets all requirements of the Standards of Continuing Affiliation.
- Ensure a budget, approved by the membership, is in place at all times.
- Ensure all cash funds are counted by multiple individuals and documented with a Deposit Form.
- Make timely deposits to the PTA bank account.
- Make disbursements in accordance with the budget, as adopted by the membership, and verify that each transaction is accompanied by a PTA Funds Request Form and necessary documentation.
- Keep an accurate and detailed account of all monies received and disbursed.
- Present a financial report and provide a budget vs. actual report at all regular membership and executive board meetings.
- Reconcile monthly bank statements as soon as received from the assigned non-signer reviewer.
 - Statement Review by Non-Signer at txpta.org/treasurer
- Keep on permanent file the PTA Employer Identification Number (EIN), as assigned by the IRS, and the sales tax permit, as assigned by the Texas Comptroller.
- Electronically file the appropriate IRS Form 990 within 60 days of the end of the fiscal year. Present proof of acceptance by the IRS at the first membership meeting of the year.
- File sales tax returns to Texas Comptroller as required (annually, quarterly or monthly).
- Submit all required items to the Financial Reconciliation Committee in a timely manner.
- Maintain records in compliance with the PTA's records retention policy.

Required Monthly Duties

- Deposit funds and make payments as needed.
- Record transactions including sales tax and state/national dues in liability accounts.
- Coordinate with the membership chair to report members/dues to Texas PTA.
- Prepare financial reports (dated from the last meeting to the current meeting).
- Review the budget for any proposed amendments and present as needed.
- Reconcile the checkbook/financial tracking program to the bank statement.
- Reconcile any e-commerce, credit card, or merchant accounts to the account statement.
- Check the Local PTA Roster to confirm that your PTA is in Good Standing. If not, follow up on what's missing.
- Present a financial report at all membership and executive board meetings.



Plan of Work

Officer/Chairman

Name: _____

Position:

Treasurer _____

Year: _____

Reproduce as needed for the appropriate number of goals.

| | | | |
|---------------------------|---|---------------------|--|
| Responsibilities /Duties: | Fill funds requests, make bank deposits, balance accounts, maintain financial records and the budget, file tax returns when applicable, make regular financial reports, and perform various support duties. Chair the Budget and Finance Committee. | Committee Members: | |
| Goal: | To maintain the PTA financial records in such a manner that the Financial Reconciliation Committee finds the reconciliation process to be one of ease and organization. | Evaluation Process: | End of year review by Financial Reconciliation Committee |

| Specific Action Steps | Start Date | Completion Date | Budget |
|--|------------|--|---|
| Regularly check the treasurer file and vault, process PTA funds request forms, and make deposits quickly after receipt of funds. | Ongoing | | |
| Present financial reports at all regular membership and executive board meetings. | Ongoing | | |
| Maintain (ledger or digital) financial records, update hard-copy or electronic files, balance all accounts to bank statements monthly. | Ongoing | | \$99-\$179 for cloud-based financial software |
| File returns (IRS Form 990 and state sales tax) within the published deadline. | | Electronically file the appropriate IRS Form 990 within 60 days of fiscal year-end. Sales tax is due Jan 20 for annual returns and on the 20th day of the month following the end of the quarter, if quarterly. | \$38-80 if file IRS 990 long-form |
| Monitor committees' expenditures and report to committee chairs monthly on budget status and provide documentation of expenses. | Ongoing | | |

| | |
|-------------------|--|
| Resources: | Council treasurer and local PTA executive board, Texas PTA Field Service Representative, Texas PTA Treasurer Resource Guide and website, Records Retention Policy, National PTA website (e-learning) |
|-------------------|--|

PTA Budgets

It is essential to have a budget in place at all times. Without a budget approved by the membership, there is no authorization to conduct business transactions of any kind.

A budget and finance committee has the responsibility for developing a PTA's proposed budget for the next fiscal year for adoption at the final membership meeting of the current fiscal year. This committee shall be appointed by the president subject to the approval of the executive board, unless the PTA's Standing Rules designate who may serve on the committee. The treasurer shall serve as the chair of the budget and finance committee.

The budget is a financial representation of the activities and operations a PTA expects to conduct during the association's fiscal year, as determined in the PTA's bylaws. The association is obligated to use its funds for the purpose for which they are raised, and this purpose is to finance PTA programs and services. PTAs may not raise funds for other organizations or individuals, no matter how worthy the cause.

It's understandable that not all PTA plans will be finalized by the last membership meeting of the year, so the initial budget need only include those income and expense items that have been planned at the time it is developed. At the first membership meeting of the new school year, the treasurer presents an amendment to the budget to reflect any planned income or expenses that have been submitted to the executive board since the budget was first adopted. An amendment to the estimated beginning balance may be necessary to reflect the actual beginning balance.

Developing The Budget

The budget and finance committee studies the current year's budget vs actual report to determine how well the budget met the association's needs and considers requests for new programs or fundraisers. From this information, the committee proceeds to develop the proposed budget for the next fiscal year.

The budget includes anticipated income, such as the local portion of dues, donations, fundraisers, and other merchandise sales. Income and expenses should be categorized in detail so members have a clear understanding of how association dollars are being spent. The following are some functions for which funds should be budgeted: leadership training, insurance, advocacy, programs, and parent education.

Adopting The Budget

After the budget has been drafted, it is presented by the committee chair to the PTA executive board for consideration and then to the PTA membership for adoption. The budget is presented, item by item, to allow for discussion and amendment of each section. The adopted budget must be recorded in the minutes of the membership meeting. A majority vote of the members present and voting is required for adoption.

Amending The Budget

The adopted budget serves as the financial guide for the fiscal year. Since the initial budget is only an estimate of the planned expenditures and income for the year, amendments may become necessary from time to time. Amendments require a two-thirds vote by the membership for approval.

Any time budgeted expenditures do not have sufficient funds in the line item to cover actual costs, the budget must be amended and approved at a membership meeting before a check is issued for those expenses. The same is true of the income items. When income varies from the expected amount, be it more or less, the budget should also be amended to reflect the correct revenue. If income is lower than projected, this amendment may necessitate a reduction in some expense items to maintain a balanced budget.

Sample Budget

Terrific PTA 2021-2022 Proposed Budget

| | | |
|-----------------------------|---|---------------------|
| Cash Forward | Balance | \$ 2,000.00 |
| Income | Membership: Local Dues Portion (250 members x 5.50) | \$ 1,375.00 |
| | Donation | \$ 250.00 |
| | Fundraisers | |
| | Fall Festival | \$ 4,000.00 |
| | Jean Bucks | \$ 1,000.00 |
| | Recycling Income | \$ 300.00 |
| | School Supplies | \$ 8,000.00 |
| | T-Shirts | \$ 2,000.00 |
| Total Income | | \$ 16,925.00 |
| Expenses | Bank Fees | \$ 72.00 |
| | Council Dues | \$ 75.00 |
| | Clothes Closet Donation | \$ 100.00 |
| | Credit Card Fees | \$ 80.00 |
| | Fall Festival | \$ 1,000.00 |
| | Hospitality (PTA Meetings) | \$ 200.00 |
| | Jean Bucks-Printing | \$ 50.00 |
| | Insurance | \$ 400.00 |
| | Leadership Training | \$ 1,200.00 |
| | Legislative Action (Rally Day) | \$ 400.00 |
| | Life Membership | \$ 125.00 |
| | Membership (flyers, envelopes) | \$ 150.00 |
| | Newsletter | \$ 700.00 |
| | Parent Education | \$ 100.00 |
| | PTA Administrator (paper, supplies) | \$ 150.00 |
| | Reflections Awards | \$ 300.00 |
| | School Supplies (fundraiser) | \$ 6,000.00 |
| | Scholarships | \$ 500.00 |
| | Student Programs | \$ 2,500.00 |
| | T-Shirts (fundraiser) | \$ 1,800.00 |
| | Teacher Appreciation | \$ 900.00 |
| | Website | \$ 125.00 |
| Total Expenses | | \$ 16,927.00 |
| Unallocated Reserves | | \$ 1,998.00 |

* This is a sample report. The PTA's budget report may look different depending on the financial tracking program the PTA uses.

Handling Money

SAFEGUARDING CASH

- For the protection of both the PTA and its volunteers, PTA funds should always be counted and verified by the signature of two individuals prior to deposit. All signers should retain a copy or image of the completed deposit form. One of the counters may be the PTA treasurer.
- Deposits should be processed as soon as possible, following receipt. If same-day or night deposits are not possible, all monies should be kept in a secure location and never at a volunteer's home. A safe or vault at the school is an option for temporary security.
- Texas PTA recommends the adoption of standing rules or a policy to determine the cash handling procedures for your PTA. If a separate policy, it must be reviewed and adopted annually by the membership.
- It is strongly recommended the PTA purchase embezzlement insurance (bond) to ensure the treasurer and all other persons authorized to handle funds of the association. The coverage should be in an amount based upon the PTA's annual income and determined by the executive board.
- If the PTA suspects theft, fraud, or embezzlement has occurred, a financial reconciliation must be conducted, and the PTA must follow the Texas PTA Theft and Fraud Policy at txpta.org/policies.

BANKING

- PTA money cannot be mingled with other funds. It must be kept in a PTA bank account at a financial institution approved by the executive board and in an account in the PTA's name. The money of another group or organization is never deposited into a PTA account. Any request to use a PTA bank account, even if it costs the PTA no money, is unacceptable and possibly illegal.
- PTAs should adopt a check-signing policy or include in the standing rules to determine the number of signatures required, amount thresholds and other stipulations as needed.
- The treasurer is an authorized signer on all bank accounts. Many school districts do not permit employees to be signers on the bank account even if they are officers of the association. Check with your school district about their specific volunteer policies.
- *Individuals authorized to sign on the bank account cannot be related by blood or marriage or reside in the same household.*

E-COMMERCE: ELECTRONIC BANKING AND MERCHANT SERVICES

Electronic Banking

The password for an online account should be changed:

- at least once a year,
- when there is a change in signer, or
- when there is a financial reconciliation.

The PTA needs to determine who has online access to the account. The treasurer and president should have full access, and, if possible, the additional authorized signers and non-signer statement reviewer should have read-only access.

PTA accounts cannot link to any individual accounts.

The PTA may deposit checks electronically via a mobile application or online system. Prior to deposit, the PTA should note on the check that the check is being deposited electronically along with the date of deposit to prevent accidental double deposit. After deposit, write on the front of the check, "Deposit Completed," your confirmation number, and the date deposit submitted. Consult with your bank regarding how long the check should be kept prior to destroying. Proper documentation is required as with a traditional bank deposit and a confirmation of the deposit should be attached to the deposit form.

Online Statement Review

Bank, credit card, and online payment processor statements may be reviewed online by the non-signer statement reviewer if view-only access is available. Alternatively, the non-signer statement reviewer may print a copy of the statement that has been provided as a pdf to be reviewed along with the Statement Review by a Non-Signer form found at txpta.org/treasurer. After review, the original Statement Review by a Non-Signer form is kept by the secretary and the reviewer retains a copy. The treasurer is given a copy along with the account statement. The secretary presents the report at the next executive board meeting.

Electronic Financial Documentation

The PTA funds request form, deposit form, and Statement Review by a Non-Signer form may be signed and stored electronically. The funds' request and deposit form should be stored with the associated scanned receipts and invoices. These electronic documents should be stored on a PTA's shared drive and viewable access should be granted to the executive board. The storage information should be reflected in the PTA's Records Retention Policy.

ACH/Electronic Payments

Payments to the following are allowed by ACH or eCheck. *Wire transfers of any kind are not allowed.* Proper documentation is required including signed funds request forms and any other required documentation. All expenditures, other than escrowed or liability items, must be budgeted.

- Texas PTA
- Texas Comptroller for sales tax remittance
- AIM for insurance policy renewal
- Local PTA to Council PTA
- Council PTA to Local PTA

Visit the Texas PTA E-Commerce Policy at txpta.org/policies for detailed information on the following:

- recurring payments
- credit/debit cards
- online & point of sale payment collection systems

A PTA's membership must vote to authorize recurring payments, credit/debit cards, and online & point of sale payment collection systems by amending their standing rules or, in the absence of standing rules, adopting a separate policy. PTAs should note that all adopted policies must be reviewed and adopted annually by the membership.

Deposit Form



PTA Deposit Form/Formulario de Depósito

To be used when giving funds to Treasurer/Para uso cuando se dan fondos al Tesorero

Event/Evento _____ Date/Fecha _____

Chairman/Director _____ Phone No./Núm. Del tel. _____

Person completing form/
Persona llenando el formulario _____ Phone No./Núm. Del tel. _____

Please make sure there are always 2 people counting money to protect the reliability of the count.

Asegúrese de que siempre hay 2 personas que cuenten el dinero para proteger la recisión del conteo.

| Bills/Billetes | # | Amount/Cantidad |
|----------------|---|-----------------|
| \$100 | | |
| \$50 | | |
| \$20 | | |
| \$10 | | |
| \$5 | | |
| \$1 | | |
| \$0.25 | | |
| \$0.10 | | |
| \$0.05 | | |
| \$0.01 | | |
| Total | | |

| Budget to be Credited/ Presupuesto a acreditar | Amount/Cantidad |
|---|-----------------|
| | |
| | |
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| | |

| Check # Núm. del Cheque | Name/ Nombre | \$ | Budget Account/ Cantidad del presupuesto |
|----------------------------|-----------------|----|---|
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| | | | |

Total Checks/Total de Cheques \$ _____

Total Cash/Total de Dinero \$ _____

Total Deposit/Total de Depósito \$ _____

Counter's Signature/Firma de Contador _____ Date/Fecha _____

Counter's Signature/Firma de Contador _____ Date/Fecha _____

Treasurer's Signature/Firma de Depositante _____ Date/Fecha _____

| | |
|--|---|
| For Treasurer's use only: Para uso exclusivo del Tesorero: <input type="checkbox"/> Entered in Computer/ Ingresado en la computadora <input type="checkbox"/> Cleared bank/ Una vez el cheque haya sido cobrado | Date deposit received/ Fecha de depósito recibido _____ Voucher No./ Núm. de comprobante _____ |
|--|---|

*Staple supporting
documentation here
(ie receipts, check stubs, etc.)*

*Grape la documentación de
respaldo aquí (recibos, talones
de cheques, etc.)*

White/Blanco
Treasurer's Copy/Dupo de Tesorero

Pink/Rosado
Counter's Copy/Dupo de Contador

Yellow/Amarillo
Counter's Copy/Dupo de Contador

Protecting Your PTA with Insurance

Texas PTA strongly encourages PTAs to obtain adequate insurance protection against liability and financial loss due to fraud, embezzlement, or dishonest acts.

Texas PTA negotiated a group discount with Association Insurance Management (AIM) (800-876-4044) to obtain insurance coverage at affordable prices. Similar coverage may be obtained from any insurance company, locally or otherwise.

AIM offers several types of coverage listed below and PTAs may secure any combination of coverage at any time during the year. Additional information may be found at txpta.org/pta-insurance.

Event/General Liability Coverage

- \$1,000,000 or \$2,000,000 liability coverage per occurrence (no deductible)
- \$5,000 per person medical payment (no deductible)
- Option for increased medical payments: \$10,000, \$25,000, and \$50,000

Event/General Liability covers fall carnivals, bounce houses, dunking booths, fun runs, skating parties, auctions, and more.

Upgrade available: Media Liability to cover misuse of content on your PTA website or social media

Directors & Officers Liability Coverage

- \$1,000,000 liability limit
- \$1,500 deductible

If someone sued the officers of your PTA for mismanagement, misrepresentations, dissemination of false or misleading information, or inappropriate actions, this coverage would pay to defend them against those actions.

Embezzlement Coverage (Bond)

- Coverage available: \$10,000, \$25,000 and \$50,000
- \$250 deductible

Embezzlement Insurance covers monetary losses sustained by a PTA through any fraudulent or dishonest act(s) or embezzlement committed by any of the elected officers, members, volunteers, or employees.

Property Coverage

- Coverage available: \$10,000, \$20,000 and \$50,000
- \$250 deductible

Property Insurance covers items such as raffle merchandise, auction items, and fundraising supplies while in your PTA's care, as well as your PTA's personal property like popcorn machines, school store supplies, emergency relief supplies, and more.

Raising Money

Most PTAs need to raise funds to provide programs and services throughout the year; however, fundraising efforts should not be the primary emphasis for PTAs. Fundraising efforts should be in response to supporting approved PTA work rather than driving the goals of the PTA. To help ensure proper alignment with our purposes, *Texas PTA recommends that PTAs engage in three programs or service projects for each fundraiser activity hosted.*

There are many different methods to raise funds, and PTAs will be approached by numerous external groups that offer their products and services to assist the PTA in raising money. It's important that PTA Leaders evaluate these opportunities carefully and consider all legal and community-related implications.

When using a fundraising company, protect the PTA by having all information in writing. A contract protects you, the association, and the fundraising company. With a contractual agreement, all parties assume responsibility for complying with the terms, but the PTA also begins with a clear understanding of who handles what. Make sure the contract is clearly an agreement between two organizations, not two individuals. Contracts are only signed by the president with executive board approval and the signer adds their title after their name to show they are signing for the PTA. Here are some things to look for when reviewing the contract: cost and profit percentages; list of approved promotional materials; desired services; procedure for handling damaged, unsold, or returned merchandise; and dates for delivery and payment due consistent with verbal agreements.

Each year, the treasurer should prepare a report of all fundraising events since the last sales tax return was filed, including dates held, tax-free day designations, total sales, taxable sales, and sales tax collected to be used by the incoming treasurer.

Non-commercial Policy & Co-venturing

PTA bylaws include the requirement to be non-commercial.

- The name "PTA" is not to be used in conjunction with the commercial activities of other organizations, including the promotion of their goods or services.
- A PTA does not raise money for other organizations or individuals, no matter how worthy their cause. Commercial co-venturing is becoming a popular form of fundraising for PTAs. Commonly, a business will advertise a cooperative fundraising effort in which a portion of their sales will be forwarded to the PTA as a gift. The size of the gift is determined by how successful the business is in selling its product or service.
- Given PTA's non-commercial policy, the only appropriate role in such a venture is a passive one. The PTA must refrain from active promotion or marketing of the business's products or services and do no more than inform members of the agreement.
- Agreements should be structured in such a way as not to appear as an endorsement of a product or company. If this is not possible, the PTA should not enter into the agreement.

Sponsorships

PTAs may offer PTA sponsorships in return for intangible benefits. For example, for a \$250 sponsorship, a PTA may include a company's logo and name in their monthly newsletter, on a banner hung on the school fence, and in a post on their social media site. PTAs often provide tiers of sponsorships based on donation levels. The guidelines for sponsorships mirror the noncommercial policy and co-venturing guidelines.

Bingo

PTAs must consider all the regulations before committing to a bingo event and should avoid participation unless they can assure complete compliance. Detailed rules may be obtained from the Texas Lottery Commission (TLC) Bingo Enabling Act, the Charitable Bingo Administrative Rules, and the Bingo Operations Manual found at https://www.txbingo.org/export/sites/bingo/About_Us/Regulations_x_Statutes/index.html. PTAs will also need to complete an Application for Temporary Bingo Occasions for Non-Licensed Organization in the event you decide to go ahead with the process. *Even if the games are just for fun, where no entry fees are collected, a license is still required.*

The TLC must receive the application and all attachments at least 30 days prior to your first event. To obtain forms, visit the Texas Lottery Commission Charitable Bingo Forms page at

<https://www.txbingo.org/export/sites/bingo/Forms/index.html>. You may not advertise a Charitable Bingo prior to actually receiving your license.

Raffles

Chapter 2002 of the Occupations Code, the Charitable Raffle Enabling Act, permits and regulates “raffles,” which it defines as “the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised to pay a thing of value for a ticket that represents a chance to win a prize.”

Raffles do not require a license. Local or Council PTAs must be in existence for at least three years before they can conduct a raffle. According to a Texas Attorney General, raffles are a legal activity for a PTA provided each of the following regulations is followed:

- Each ticket must have printed on it the name and address of the PTA, name of an officer, the price of the ticket, and a description of each prize valued at \$10 or more. No prize may be valued in excess of \$50,000.
- A PTA may hold no more than two raffles per year and only one at a time.
- Tickets may not be advertised statewide or through paid advertisements.
- A raffle prize may not be cash.
- The PTA must have the prizes in its possession or post a bond for the full value with the county clerk.
- Only members of the sponsoring PTA may sell tickets or an authorized representative.
- The PTA must complete a W2-G form to turn into the IRS if the prize exceeds \$600. A W-9 must be completed by the winner or backup withholding at the rate of 31% must be collected by the PTA. Provided the prize value is less than \$5,000 and a W-9 is completed by the recipient, the PTA is under no obligation to collect tax.
- No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets.

Although raffle prizes are often donated and not specifically purchased by a PTA, PTAs should be mindful of the perception and potential liability of some prizes. For example, raffling alcohol, even at an off-campus event, may not be perceived to be in line with the mission and purpose of PTA.

Donors And Charitable Contributions

PTAs must be prepared to issue receipts for contributions made, regardless of the amount or value. Canceled checks are not sufficient. There is no required format for the receipt and social security numbers are not required. At a minimum, the receipt must reflect the donor's name, date, cash amount received or a description of the property received (but not the value), a statement that no goods or services were provided by the organization in return for the contribution, and the PTA's name. If a donor receives the value of goods or services for the donation, only the portion in excess of the value is deemed a donation. A description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution must be included in the written acknowledgment. A donor cannot claim a deduction of \$250 or more unless the donor obtains a written acknowledgment of the contribution. Sample acknowledgment letter/donation receipt may be found at txpta.org/treasurer.

PTAs are required by IRS disclosure rules to inform prospective donors about the extent to which their contributions are legally tax-deductible.

If a PTA holds a fundraising event that provides a meal or some tangible item in return for the purchase of a ticket, then the portion of the ticket that is tax-deductible is the ticket price less the fair market value of the meal or item received. For example, if a spaghetti supper ticket sells for \$20 and the value of the meal is determined to be \$5, the purchaser is entitled to a \$15 charitable contribution deduction. The \$5 is not the cost to the PTA, but the value of a prepared and served meal allowing for a reasonable profit.

Spending Money

- The PTA membership must authorize the expenditure of all funds by adopting and amending the budget throughout the year.
- Funds Request Forms are submitted to the treasurer to request a payment or reimbursement. All requests should include the associated receipt(s) or invoice(s) justifying the payment. Prior to payment, the budget line and amount should be confirmed, and the Funds Request Form should be signed by the committee chair responsible for the budget line per their Plan of Work. Additionally, the form may require the signature of an additional account signer or the PTA president prior to payment.
- Purchases should never be paid with cash.
- Check signers should never sign a blank check or issue disbursement without receipts or sufficient written documentation.
- Checks should never be made payable to "cash". If cash is needed for a specific event, the event chair should complete a PTA Funds Request for cash. The check should be made payable to the volunteer who will be responsible for the till.
- Authorized signers on the bank account(s) may not sign a check where he or she is also the payee.

Gift Cards/Gift Certificates

Any gift cards purchased by a PTA should not exceed \$25 in value and must be retail-specific (i.e. branded cards of restaurants, stores, etc). Generic cards (e.g., MasterCard, Visa, etc) are not permitted.

Gift cards are cash equivalents, so PTAs should exercise the same care when storing and distributing gift cards.

If a gift card is donated to the PTA for the purpose of subsidizing association expenses, complete a PTA Funds Request Form with receipts attached for the Financial Reconciliation Committee to verify that funds were spent appropriately.

Donations To Individuals And Groups

While a PTA may never donate money to any individual person or family, we may work cooperatively in coalitions if the purpose is within the Purposes of PTA.

PTA policy concerning non-partisan, non-sectarian, and non-commercial activity must be followed.

Small token donations may be made to another group provided all of the following criteria are met:

- The PTA membership votes to make the donation.
- The group has 501(c)(3) status and PTA has documentation to prove that.
- 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 To Schools

Texas PTA has a policy that PTAs never turn funds over to the school to be spent at their discretion. There are times when the best decision is to give funds to the school for a designated purpose. Oftentimes, schools can purchase items at a significant discount where, if the PTA writes the check, they will have to pay full retail price. Other times, PTA may decide to fund a portion of a purchase the school is making. When the best fiscal decision is to have the school make the purchase, there are certain guidelines that must be followed:

- The membership approves the gift to be made and its purpose.
- Funds are only given for a specific, designated purpose agreed to in writing between the PTA president and the appropriate school official. Some district policies require that gifts be made to the district and not a local campus. Some school districts will not allow a gift to be made for a certain purpose. Local school district procedures and policies may require that these forms be modified.
- The written agreement specifically states the nature of the item to be purchased, the manner in which it is to be used, the timeframe within which it to be procured, the agreement to provide PTA with a copy of the invoice, the agreement that any excess funds will be returned to the PTA, and the agreement that all funds will be returned to PTA if any of these terms are not met. It also includes the agreement as to who is responsible for installation (if applicable), maintenance, and insurance.

A sample donation to school/district agreement may be found at txpta.com/treasurer.

Playground Equipment

If a PTA purchases and installs the playground equipment, the liability remains with the PTA regardless of any exemption statements made by the campus principal or school. It is important to note that Texas schools may not be sued.

Texas PTA advises all Local PTAs interested in purchasing playground equipment for their campuses to obtain membership approval for the purchase.

If funds are approved, the PTA should forward a check to the school and indicate that the funds are earmarked for playground equipment. The school will then choose the company from which to purchase the equipment and the contractor to install the equipment.

Field Trips

Field trips are a great way to give back to your school community. However, whether the field trip is the PTA's event or the PTA gifts money to the school for a field trip, you could face liability. Gifting money to the school significantly reduces liability but is no guarantee the PTA will not be held liable. Please review the information provided by AIM Insurance by clicking the link [Field Trips: What You Should Know](https://txpta.org/pta-insurance) at txpta.org/pta-insurance.

Movie Licensing

All movies that are shown in public require a license to be shown. There are serious fines and penalties for not having a license, so do your research before you schedule a showing. If you are sponsoring a family movie night, even if admission is free, you must pay for a license to show the movie in public. Even if you own the DVD, you must have a license to show the movie in public.

As some schools already have a license that would cover your showing, you should check with the school administration when planning to show a movie.

Many organizations that host public showings of movies, get their license and even rent the movie from a movie licensing company such as Swank.

Sample PTA Funds Request

PTA Funds Request

Name of PTA _____ Date _____

PAYEE SUMMARY

Payable To _____ Date Needed _____

Address _____ Phone _____

Requestor _____ Invoice _____

Accounts to be Charged _____

If the invoice requires expenses to multiple PTA accounts, please identify each account and corresponding expense.

PURCHASE SUMMARY

| Item Purchased | Place of Purchase | Amount |
|----------------|-------------------|--------|
| | | |
| | | |
| | | |
| | | |
| | | |

Receipts should be attached and a sales tax exemption form should have been used whenever feasible.

TREASURER NOTES

| Invoice Date | Date Received | Plan of Work / Motion | Date Approved | Date Paid | Payment Method | Total Payment |
|--------------|---------------|-----------------------|---------------|-----------|----------------|---------------|
| | | | | | | |

APPROVALS

Name

Signature

Committee Chair _____

Treasurer _____

President _____

Reporting

Financial Tracking Systems

How a PTA tracks its PTA finances is a decision of the treasurer in conjunction with the executive board. Some PTAs have budgeted funds to pay for the use of online financial tracking systems. Other PTAs have few transactions and prefer to use paper ledgers or spreadsheet programs to track their finances. Texas PTA is partnered with myPTEZ.com to provide free membership and fee-based financial tracking tool for our PTAs. The paid product includes a web-based application with multiple user logins, customer support, training, and all the functionality you need to track your PTA finances. The reports in this resource guide use the myPTEZ terminology.

Membership Dues

As the treasurer, you work closely with the membership chair to correctly report and remit dues. The local portion of PTA dues should be a budgeted income line. The amount of a PTA's local dues can be found in a PTA's bylaws. The state and national portion of PTA dues should be recorded as an off-budget item in a liability or escrow account as this money belongs to others. The state and national portion of PTA dues should be sent to Texas PTA along with an associated membership roster on a regular basis, at least monthly. Each Funds Request Form from the membership chair requesting payment to Texas PTA should include a membership roster that reconciles with the payment. Likewise, any membership deposit should include the membership roster that reconciles with the deposit.

Texas PTAs are also able to recruit members for free through JoinPTA.org, a mobile-friendly website where anyone can join a PTA using a credit or debit card. When a member joins on JoinPTA.org, he or she will be added to a Local PTA's myPTEZ account immediately. If your PTA is not currently on JoinPTA.org, visit txpta.org/join-pt. Payment for the local portion of dues collected through JoinPTA.org is made once a month via ACH to the bank account provided to Texas PTA. Payment is within seven business days of the month's end. An email is sent to the president and treasurer notifying them of the amount of the ACH being sent. This payment covers all JoinPTA.org transactions for the previous month.

Financial Report

The bylaws require that the treasurer present the financial report at all regular membership and executive board meetings and other times when requested by the executive board or the members. Reports must be given at every meeting for all accounts, not just the general account. This written report indicates the period of the fiscal year the report covers, the date it was prepared, and by whom. Separate reports are prepared for executive board meetings and membership meetings, so the reports will have different reporting periods.

- Start with the cash balance forward at the beginning of the year or the adjusted cash balance (ending balance) from the last meeting date.
- List all receipts in detail and total; list all disbursements in detail and total.
- List all sales tax and state/national dues liability/escrow balances.
- End with the cash balance forward as of the date of the report.

Copies of the report are distributed to the members in attendance, when possible. This report is filed rather than adopted. The reports are provided to the Financial Reconciliation Committee during the financial reconciliation process and are maintained permanently. A copy of the report is retained by the treasurer, and another copy is retained by the secretary to be placed within the minutes.

Budget Vs Actual Report

The budget vs actual year-to-date report should be printed or electronically displayed at each meeting, along with the financial report, to provide members with a clear understanding of how the PTA is performing financially in comparison with the approved budget. The executive board will use the budget report to determine if any budget amendments may be required. The budget vs actual report does not have to be verbally presented at each meeting, but it should be available for members to view.

Preliminary And Final Annual Report

The treasurer presents a preliminary annual report to the membership at the annual meeting, which is the final meeting of the year. However, this report is for information only and is not officially adopted. The report is presented in a format comparing actual year-end figures to the approved budget as amended. At the close of the local PTA's fiscal year, this report is finalized and provided to the financial reconciliation committee.

The financial reconciliation committee presents the financial reconciliation report and the treasurer presents the final annual report at the first regular membership meeting of the new year. The financial reconciliation report and annual report are filed after the association has formally adopted the financial reconciliation report.

Sample Financial Report

Terrific PTA

Financial Report- July 1, 2021 to September 19, 2021

| | | |
|---|-----------|-----------------------|
| Cash Balance Forward | \$ | <u>2,701.76</u> |
| Receipts | | |
| Membership: Local Dues Portion (156 x 5.50) | \$ | 858.00 |
| Donations | \$ | 75.00 |
| School Supplies | \$ | 7,986.00 |
| T-shirts | \$ | <u>1,460.00</u> |
| Total Receipts: | \$ | <u>10,379.00</u> |
| Expenses | | |
| Bank Fees | \$ | 12.00 |
| Council Dues | \$ | 75.00 |
| Clothes Closet Donation | \$ | 100.00 |
| Credit Card Fees | \$ | 56.32 |
| Leadership Training | \$ | 1,018.34 |
| Membership Promotion - flyers, envelopes | \$ | 26.51 |
| PTA Administration – paper, supplies | \$ | 16.78 |
| School Supplies (fundraiser) | \$ | 5,986.25 |
| T-shirts (fundraiser) | \$ | 1,678.00 |
| Teacher Appreciation | \$ | 87.69 |
| Total Expenses | \$ | <u>9,056.89</u> |
| Cash Balance | \$ | <u>4023.87</u> |
| Change to Liability Acct: Sales Tax Payable | \$ | 288.75 |
| Change to Liability Acct: State/Natl Dues | \$ | 702.00 |
| Adjusted Cash Balance | \$ | 5014.62 |

* This is a sample report. The PTA's financial report may look different depending on the financial tracking system the PTA uses.

IRS Group Exemption

In a ruling dated September 14, 1967, the Internal Revenue Service (IRS) held that Texas PTA and its PTAs are exempt from federal income tax under the provision of Section 501(c)(3) of the Internal Revenue Code of 1954. As a result of this ruling, Local and Council PTAs are not required to file Form 1023 to obtain this status. This ruling further holds that contributions to Texas PTA and its Local or Council PTAs are deductible to the donor as charitable contributions for federal income tax purposes.

Texas PTA is required by law to report annually to the Internal Revenue Service a list of all PTAs in good standing with the state PTA. The PTAs listed are covered by Texas PTA's group exemption. In order for a PTA to be considered in good standing, they must be in compliance with the Standards for Continuing Affiliation as published on the Texas PTA website. Any PTA not listed would be subject to income tax on all earnings.

For requests for a copy of the IRS Determination Letter and a Letter of Good Standing, please contact finance@txpta.org and include your contact information and your Local PTA name, city, and Local PTA ID number.

Federal EIN

Each PTA will be issued a nine-digit tax identification number, known as an Employer Identification Number (EIN), or federal ID number. Texas PTA provides this number at the time a Local PTA is organized. A PTA's EIN is a part of the permanent records of the PTA and is kept on file with Texas PTA. The PTA bylaws will list the EIN assigned to the PTA. All EINs are reported to IRS annually to identify those PTAs covered by the Texas PTA group exemption.

The EIN is used for all bank account(s), and certificates of deposit(s) of the PTA. The number is also required when filing the appropriate IRS Form 990 or applying for a State of Texas sales tax permit. Please be sure to use the PTA's EIN, not Texas PTA's EIN, when filing your 990.

IRS Form 990

A PTA's gross receipts in a given fiscal year determine the appropriate IRS Form 990 that should be filed. Gross receipts are defined as the total amount the association receives from all sources during its annual accounting period without subtracting any costs or expenses. *Sales tax collected, state and national dues and any carryover from the previous year are not sources of revenue to the Local PTA and are not included in the calculation.*

The IRS Form 990 is an informational return only. No tax will be due if filed timely and accurately. The last three years' returns are required to be available for public inspection upon request or copies will be mailed for a nominal copying and postage fee. If you are assessed penalties for failure to file, contact the Texas PTA office for assistance prior to paying.

Failure to file the IRS Form 990 for three consecutive years will result in the PTA's tax exemption being revoked. While the IRS provides a filing deadline no later than four and a half months after the end of the fiscal year, *Texas PTA requires that PTAs file their 990 electronically within 60 days of the end of the fiscal year.* The Taxpayer First Act, signed into law July 1, 2019, requires all 990s to be filed electronically.

PTAs must file one of three IRS Form 990s annually:

- **990-N:** Gross receipts are normally \$50,000 or less per year;
- **990-EZ:** Gross receipts greater than \$50,000 but less than \$200,000 per year; or
- **990:** Gross receipts more than \$200,000 per year.

PTAs with gross receipts normally less than \$50,000 are to file the 990-N electronically directly with the IRS. If the PTA is at least three years old and *averaged* \$50,000 or less in gross receipts for the immediately preceding three tax years (including the year for which calculations are being made), the PTA may file the 990-N. This notice asks for the following information:

- Employer Identification Number (EIN, this can be found in Article I of your bylaws)
- Tax year ending (prepopulated with the fiscal year end date)
- Confirmation that the organization has not terminated or gone out of business
- Confirmation that the organization's annual gross receipts are \$50,000 or less

- Legal name (prepopulated with PTA Texas Congress)
- DBA name (PTA name)
- Mailing address (school's address)
- Website address (if the organization has one)
- Name of a principal officer (president's name)
- Address of principal officer (school's address)

The 990-N filing guide and a youtube video on how to file are located at www.txpta.org/treasurer. Filing on the IRS website is free of charge. Be sure that your return is accepted by the IRS before considering the filing to be complete.

IRS Form 990-EZ/990

PTAs with gross receipts of more than \$50,000 but less than \$200,000 are required to file the 990-EZ. PTAs with gross receipts of more than \$200,000 are required to file the 990.

As all Form 990s are to be filed electronically, visit txpta.org/treasurer for 990 e-filing options. PTAs filing Form 990-EZ should be able to do so electronically, without the assistance of a paid preparer. If filing a full Form 990, PTAs may want to engage the services of a licensed tax preparer. If engaging the services of a licensed tax preparer, be sure they are aware of the Texas PTA requirement that PTAs file their 990 electronically within 60 days of the end of the fiscal year. Therefore, filing for an extension is not an option.

When completing Form 990-EZ/990, two numbers must appear on page one in the appropriate place. The first number is the Texas PTA group exemption number (GEN) 1889. The second number is the Local or Council PTA's Employer Identification Number (EIN). *Do not use Texas PTA's EIN when completing the return.*

Schedule A must be completed and attached to Form 990-EZ/990. Due to the group nature of our exemption, all PTAs are considered non-profit for the same reason. Therefore, all PTAs must check the box (currently Box 10) in Part I of Schedule A indicating the reason for public charity status.

Some Local and Council PTAs may be required to file a Schedule B if they meet the requirements. To determine whether your PTA is required to file Schedule B, first complete your PTA's Form 990-EZ/990. Organizations that received \$5,000 (in money or property) from any one contributor will be required to file Schedule B. Refer to the IRS instruction booklet for Schedule B for line-by-line instructions on how to complete Schedule B. If your PTA does not meet these requirements check the box (currently Box H) on the 990-EZ/990.

If the Local or Council PTA reported more than \$15,000 from total gaming on line 6a, and/or \$15,000 or more from fundraising and special events line 6b, then Schedule G, Parts II and III must be filed with the 990-EZ/990.

In addition, all PTAs are required to complete Supplemental Schedule O. This schedule lists other expenses not included in Part 1, Lines 10-15 with a total that agrees to Part 1, Line 16 of the 990-EZ/990.

Change In Accounting Period

A PTA may change its year-end by adopting a bylaws change. Until the bylaws change has been adopted by the membership and approved by Texas PTA, the IRS cannot be notified of this change at the year-end.

If the PTA is required to file a 990-N and the treasurer observes that the fiscal year does not match with the fiscal year designated in the local bylaws, contact the Texas PTA Finance Department who will notify the IRS. This correspondence will correct the error and have the appropriate year-end on file with the IRS. The fiscal year cannot be changed on the 990-N.

If a PTA is required to file a 990-EZ/990 and changes their fiscal year, the PTA will need to file two Form 990s. One reflecting the old fiscal year, and a second one for the month(s) between the previous fiscal year-end and the new fiscal year-end. For example, if a PTA wishes to change from a May 31 to a June 30 year-end, a Form 990-EZ/990 would be filed for the 12 months ending May 31 as usual. Additionally, a Form 990-EZ/990 would be filed for the short year of one month ending June 30. Thereafter, returns would be filed for years ending June 30. On the other hand, if a PTA wishes to change its year-end from June 30 to May 31, the returns would have been filed for the previous year-end as of June 30. Another return would be submitted for the short year ending May 31 for 11 months, and thereafter every 12 months ending May 31. The returns for the short year

have the notation "Change in Accounting Period," noted at the top of the return.

If a PTA has changed its year-end previously within the last 10 years and was required to file a 990, it must now file Form 1128 to request IRS approval to change its year-end. Additionally, a Form 990-EZ/990 is filed for the short year, and a bylaws amendment to reflect the change is adopted.

IRS Form 1099-MISC

All PTAs are required to file Form 1099-NEC with the IRS if they pay an individual or unincorporated business \$600 or more during a calendar year for services rendered. An example where this would apply is for paid guest speakers. A 1099 is not required when payments are for the purchase of merchandise. The Form 1099-NEC must be sent by the PTA to the payee on or before January 31 of each year and filed with the IRS along with Form 1096 by February 28 of each year. Form 1099 includes the name and address of the payee, his or her social security number or EIN, and the total amount paid during the calendar year. Form 1096 is a summary of all 1099-NEC issued by the PTA during a calendar year. Even if only one 1099-NEC was issued by the PTA, a 1096 must still be completed.

To obtain the above forms, visit the IRS website, irs.gov, or call Customer Account Services at 877-829-5500.

Exemption From Paying State Sales Tax

PTAs are not required to pay the Texas sales tax on items purchased for use in presenting programs or carrying on the work of the PTA. This exemption was granted to Texas PTA and covers all PTAs in good standing.

All PTAs in Good Standing should be individually listed with the Texas Comptroller's office. You can verify if your PTA is listed at <https://comptroller.texas.gov/taxes/exempt/search.php>. If your PTA is not listed and wants to be listed individually, complete the Form AP-207 with the Texas Comptroller's Office.

When PTA members purchase items for the PTA, they present an exemption certificate to the retailer to remove the sales tax. Some retailers have their own certificates and will request the purchaser to sign it. The state of Texas does not issue exemption numbers, and, therefore, your exemption certificate requires no number to be valid. However, retailers will often ask for a tax exemption number. The information that the retailer needs is the eleven-digit Texas Taxpayers Identification Number issued by the Texas Comptroller. This allows the Texas Comptroller's office to verify that any tax-free sales were legitimately sold to a tax-exempt entity. You do not have to have a sales and use tax permit, which is needed to collect and remit sales tax on sales of taxable goods and services, in order to have a Texas Taxpayer Identification Number.

Exemption From Paying State Hotel Occupancy Tax

Texas PTA and its affiliates are exempt from the state hotel occupancy tax but are required to pay the local hotel occupancy tax. To avoid paying the state tax, provide the hotel with a completed hotel occupancy exemption certificate and a copy of the letter from the Texas Comptroller's office granting this exemption found at <https://comptroller.texas.gov/taxes/exempt/search.php>.

Tax-free Days

PTAs may hold two, one-day (24-consecutive hour), tax-free sales (for which the PTA is the determined seller), or auctions each calendar year. These sales or auctions are designated in the executive board or membership meeting minutes prior to the event. Sales of otherwise taxable items made during the 24-hour period designated as the tax-free sale or auction are not taxed.

The Texas Comptroller's office has ruled that brochure/catalog sales are not eligible for a tax-free declaration by the PTA because, for these sales, the PTA is acting as an agent for the vendor, who is the seller. The PTA collects sales tax on the sales price and remits it to the vendor to remit to the Texas Comptroller's office.

The PTA is the seller when a for-profit fundraising company does not coordinate the fundraising; the PTA is not using the marketing materials of a fundraising company, such as brochures and order forms; the PTA purchases inventory from a vendor for a certain price; the PTA resells those items at its own profit or loss and assumes all responsibility and risk. When the PTA is the seller and not acting as a representative of a for-profit fundraising company, the PTA is responsible for the proper collection and remittance of any tax due. The PTA may take advantage of the one-day, tax-free sale provision if appropriate.

The Texas Comptroller's office has ruled that PTAs may consider advance-order sales fundraisers as one of their tax-free days, provided the following criteria are met:

- All orders must be submitted by the PTA to the supplier prior to the delivery of the merchandise.
- All merchandise must be delivered to the PTA by the supplier on one day (need not be the same day as indicated above).
- The merchandise must be delivered to the purchaser over a reasonable period of time. Texas PTA recommends this period of delivery not to exceed three weeks.
- The tax-free day is the day of delivery to the PTA, or the day of delivery to the customer if the delivery occurs on one day and not over a multi-day event. The PTA may decide which of the two options they prefer.

A tax-free sale must not be a year-long activity, such as a school store.

Collecting And Reporting State Sales Tax

A Local or Council PTA is required to have a sales and use tax permit if the PTA sells tangible items, such as handicrafts, candles, t-shirts, cups, books, and school supplies other than on the designated tax-free days. Before submitting an application for a sales and use tax permit, the PTA must be listed as a tax-exempt entity on the Texas Comptroller's website. *Do not apply for a sales and use tax permit until confirming that the PTA is listed as tax-exempt.* If the PTA is not listed, complete and submit Form AP-207.

The permit is issued from the Texas Comptroller's office. The form requires the Local PTA's EIN to complete the application. It is recommended that the school address be used for the application, returns, and correspondence.

Once a PTA has received a sales and use tax permit, the PTA must file the required reports, either quarterly or annually, *even if the amount of sales tax collected is zero.*

Make at least two copies of the permit. File one copy with the treasurer's permanent records, and give the other copy to the fundraising chair or coordinator to display during sales. There is no fee for the permit, and it remains valid until a request to cancel it is made by the PTA or canceled by the Texas Comptroller.

When your permit is issued, you will be assigned a reporting period. This could be monthly, quarterly, or annually, depending on your sales volume. Most PTAs are on an annual filing basis; therefore, their returns are due on January 20 for the previous calendar (January-December) year. If the due date falls on Saturday, Sunday, or a legal holiday, the return may be postmarked on the next business day and still be considered timely. The return must be filed if you have a permit, even if you have no sales tax due during the reporting period. *There are penalties for late filing.*

- Total sales will equal the amount of PTA receipts as a result of the sale of tangible property. PTA membership dues, an admission price to an event, and donations are not considered sales. Total sales are the accumulation of the income from items such as spirit wear, school supplies, cookie dough, and school store merchandise.
- Taxable sales are the total receipts of goods on which sales tax should be collected. In the bullet above, the cookie dough fundraiser sales would not be included as taxable sales because cookie dough is non-taxable. Any taxable sales that occurred during the two tax-free days would not be included in this calculation as well.
- Because the Texas Comptroller requests computation on income in whole dollars only, there will be a difference in the amount collected and what is remitted to the Texas Comptroller. In addition, there is a .05% deduction for paying timely. Once sales tax is paid, there is always a small amount left in sales tax escrow/liability that remains as a part of the PTA's income. The PTA should zero out the balance in the sales tax escrow/liability account and increase the donations income by that same amount.
- PTAs are authorized to submit sales tax electronically to the Comptroller via WebFile, even if the PTA has not adopted electronic banking policies.

A PTA purchasing taxable items for resale must first obtain a sales tax permit and issue a resale certificate to the seller in lieu of paying sales tax. A PTA does not have the option of paying the sales tax when the merchandise is purchased in order to avoid collecting the sales tax as the merchandise is sold. When the items are resold, the PTA must collect and remit the sales tax to the Texas Comptroller unless the taxable items are sold only during a tax-free day. If taxable items are sold only on the tax-free day, an exemption certificate is given to the seller rather than the resale certificate.

The following items are not subject to sales tax:

- PTA food sales made at a PTA fundraising event are exempt from sales tax unless the PTA is in direct competition with a retailer required to collect sales tax. In this circumstance, the PTA would be required to collect sales tax as well.
- There is no tax on admission tickets (including those at carnivals), fees, or raffle tickets provided all the proceeds go directly to the PTA.
- Student directories, yearbooks, cookbooks, and any other publications of the PTA are exempt from sales tax.

A PTA may participate in the annual State Sales Tax Holidays if they are selling items included in this event. In addition to clothes, footwear, and some backpacks, Texas families also get a sales tax break on most school supplies priced at less than one hundred dollars (\$100.00) purchased for use by a student in an elementary or secondary school. These days would not count as one of your two tax-free days.

For more information, visit the Texas Comptroller's website. Generally, profit is not a factor in determining if sales tax must be collected and remitted to the state on the sale of an item. The exception to this general rule is when a PTA purchases food from a for-profit business and turns around and sells it at no markup to its members. In this circumstance, the sales are not exempt from the collection of sales tax. PTA cannot act as a conduit to circumvent the collection of sales tax on a sale that in no way is benefiting the PTA.

An example would be if PTA purchases pizza from a restaurant and sells it to members at a meeting as a convenience to provide dinner.

- If the PTA purchases the pizza from the restaurant and sells it to their members for the exact same price the restaurant sells it for, the tax must be collected. A resale certificate is given to the restaurant because PTA is going to resell the pizza. (The pizza is not being used for the PTA's use and is being sold as a convenience to the PTA's members.)
- If the PTA were purchasing the pizza to provide dinner at the expense of the PTA (the membership would not pay for the pizza), the PTA would be exempt from paying the sales tax.
- If the PTA purchases the pizza from the restaurant and sells the pizza for a profit, then no tax would be collected. (The pizza is being used as a fundraiser for the PTA and is nontaxable.)

Any of the above taxable items could be deemed not taxable if sold on one of the PTA's two tax-free days.

If you are selling items where the collection price includes sales tax, you must inform the purchaser that sales tax has been included in the price. All information must state, "Sales tax included in price."

When to Collect Sales Tax

| | Taxable | Nontaxable |
|--|---------|------------|
| Cookie Dough | | X |
| Popcorn, popped * | | X |
| Spaghetti supper | | X |
| Concession sales* | | X |
| Raffle tickets | | X |
| Cookbooks produced by the PTA | | X |
| Cookbooks purchased for resale | X | |
| Student directories produced by the PTA | | X |
| Other writing and publications of the PTA | | X |
| Books not written by the PTA | X | |
| Gift wrap | X | |
| School supplies | X | |
| T-shirts | X | |
| Admission ticket (if the PTA is the <i>provider</i> of the amusement) | | X |
| Admission ticket (if the PTA is <i>not the provider</i> of the amusement) | X | |
| Discount coupons | | X |
| Horticultural products such as flower arrangements, roses, carnations, holiday greenery, and poinsettias | X | |
| Agricultural products (plants and seeds), the products of which ordinarily constitute food for human consumption | | X |
| Pumpkins from the pumpkin patch | | X |
| Pumpkins that have been carved, painted, or decorated | X | |
| Silent auction items (depends on the items auctioned) | X | X |
| Garage sale items | X | |
| Pictures with Santa | X | |
| Booth rental fee | | X |
| Confetti eggs at carnivals | X | |
| Face painting | | X |
| Educational activities such as coloring, painting, crafts | | X |
| Gift items sold at Santa's Workshop | X | |
| Sales of magazine subscriptions sold for a semiannual or longer period (six months or greater) and entered as second class | | X |
| Sales of magazine subscriptions sold for a shorter subscription period (less than six months) and sales of individual issues | X | |

* These items would be taxable if the PTA is not the determined seller by both purchasing inventories AND determining the sales price.

Additional information from the Texas Comptroller's Office regarding sales tax and fundraisers may be found under Resources at txpta.org/treasurer.

Financial Reconciliation

A financial reconciliation reviews all financial transactions to ensure that expenditures are properly documented and conform with the approved budget and the PTA's governing documents. Each PTA bank account should have its own reconciliation report.

Remember, the treasurer is legally responsible for all the funds of the association. However, the executive board of the association has a fiscal responsibility to keep the affairs of the association on a sound financial basis.

The timing and composition of the financial reconciliation committee are very important and specified in the bylaws fiscal accountability section.

All of the information provided to the committee and the discussions held are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. The committee may contact the outgoing treasurer and outgoing president for any clarification required. All findings should remain confidential until the report is delivered. All members of the committee should sign a confidentiality agreement.

Preparing For The Financial Reconciliation

The outgoing treasurer presents the following financial records to be reviewed by the committee:

- Current year annual report (budget vs actual) or budget vs actual for the period under review
- Balance sheet (to show sales tax or state/national dues liability balances)
- General ledger (all transactions for the period under review)
- All financial reports for the period under review
- All receipts/invoices for expenditures with PTA Funds Request Forms
- All bank receipts with PTA Deposit Forms
- All checks for all accounts - cleared, voided, and unused (check images from bank suffice)
- Bank statements and reconciliations for all accounts
- Electronic payment collection system documentation (reports from PayPal, Square, merchant account, etc)
- IRS Form 990-N confirmation of acceptance or a draft of the appropriate 990-EZ or 990
- Sales and Use Tax permit and returns
- All correspondence with any taxing authority

The outgoing secretary presents the following records to be reviewed by the committee:

- Minutes from membership and executive board meetings (including presented financial reports, last financial reconciliation report, Statement Review by Non-Signer forms, etc.)
- Current membership roster and executive board roster
- All bylaws, standing rules, and/or policies in effect during the period under review
- Confidentiality, Ethics, and Conflict of Interest Agreement
- Current contracts

Financial Reconciliation Checklist

PTAs can visit txpta.org/financial-reconciliation to download the current financial reconciliation checklist and report.

During The Financial Reconciliation

- Checks should only be written in the case of an emergency and cannot be signed by the outgoing treasurer.
- The committee should adhere to the Financial Reconciliation Checklist as provided on the Texas PTA website.

Irregularities In The Records

If the Financial Reconciliation Committee finds irregularities in the records of the treasurer, follow the steps listed below:

- Contact the treasurer to secure additional records or information.
- If the matter cannot be settled to the committee's satisfaction, contact the president to determine what

additional steps need to be taken.

- The president can request additional guidance from the Council PTA or the Field Service Representative. A Council PTA can request additional assistance from the Field Service Representative if the matter cannot be resolved by the Council PTA.
- When evidence that theft, fraud, or embezzlement has occurred, the PTA must follow the Texas PTA Theft, Fraud, and Embezzlement Policy found at txpta.org/policies.

Immediately Following The Reconciliation

- If the PTA files Form 990-EZ or 990, the outgoing treasurer electronically files and provides the confirmation of acceptance by the IRS and a copy of the filed Form 990-EZ/990 to the incoming treasurer.

Reporting The Results

- A member of the committee should present a report for adoption at the first membership meeting held after the conclusion of the review.
- A copy of the annual report should be attached to the fiscal year-end financial reconciliation report and maintained permanently by the secretary and placed in the minutes.
- In the event a complete financial reconciliation cannot be done due to the inadequacy or unavailability of the records, the membership should be notified and the report should include recommendations to correct the situation.

Keeping Records

Compiling and maintaining a complete record of your activities can be a huge help to those PTA Leaders who follow behind you. Passing along important information to your successor gives them what they need to get started! New Leaders who have access to previously implemented PTA practices are able to more easily adjust and make needed changes. Additionally, a PTA should closely follow their records retention policy to be sure they are properly storing the records they need to maintain regulatory compliance.



How to Compile Your Records

Ask yourself, “If I knew nothing about the job, could I do it with this information?” Depending on your position, you may need hard copy materials at your fingertips. If so, use a loose-leaf folder or binder with tabbed dividers. Other positions could easily keep their records electronically via cloud-based storage or USB drive.

Suggested Content

Bylaws/Standing Rules

- A current, date-stamped copy of the PTA Bylaws and Standing Rules. Each year (after August 1), the parliamentarian should request a copy of your PTA’s bylaws and standing rules from Texas PTA. They should be distributed to all executive board members and reviewed annually. Visit www.txpta.org/bylaws for the request form and more information.

Rosters

- Current roster of executive board members with their contact information
- Contact information for Texas PTA Field Service Representative, Council PTAs (if applicable), Texas PTA Board members with comparable responsibilities, the Texas PTA State Office
- Resources, and related agencies and organizations in the community relevant to your position

Items Related To Your Position (As Applicable)

- Description and responsibilities of your position
- Current Texas PTA BASICS Resource Guide(s)
- Plan of Work approved by the executive board
- Reports prepared for meetings (executive board, membership, and committee)
- Financial records including approved budgets, detailed reports with copies of your PTA Funds Request Forms with receipts, and copies of all deposit forms that you have signed
- Promotional material, newsletter articles, evaluations, etc.
- Award applications submitted to Council, Texas, or National PTA
- Summary of your term including recommendations for the following year

PTA Meetings

- Agendas and approved minutes from each meeting
- Financial reports
- Relevant committee reports
- Information on upcoming events and programs sponsored by PTA at all levels
- Record of volunteer hours to be reported to the volunteer coordinator (if applicable)

Standards of Continuing Affiliation



Each membership year, Local PTAs must meet both of the following requirements to attain Active Status with Texas PTA. The membership year begins on August 1.

1. Remit to Texas PTA state and national membership dues for at least 20 members.
2. Submit to Texas PTA the name and contact information (mailing address, phone number, and email address) of at least one current executive board member, preferably the president.

Local PTAs must comply with all of the following standards to remain in Good Standing with Texas PTA. Local PTAs that do not maintain Good Standing will be subject to a Local PTA Retention Plan as described below.

1. Maintain Active Status with Texas PTA.¹ (see requirements above)
2. Report all additional members and remit all state/national dues to Texas PTA each year.
3. Submit to Texas PTA the name and contact information for all additional executive board members within 15 days of election or appointment.²
4. Review Local PTA bylaws (and standing rules, if applicable) every three years and submit to Texas PTA for approval.³
5. Each year, within 60 days of fiscal year-end, electronically file and have accepted by the IRS the appropriate "Form 990 Return of Organization Exempt from Income Tax".

Local PTA Retention Plan (initiated when a Local PTA does not maintain Good Standing)

Notification: Texas PTA will notify the PTA of the actions required to attain Good Standing. The PTA will have 30 days, from the date of the notification, to meet all Good Standing requirements to avoid moving into the Restriction Phase.*

Restriction: While in the Restriction Phase, the PTA is not eligible for awards, programs, or grants administered by Texas PTA or National PTA. The PTA will have 30 days to meet all Good Standing requirements to avoid moving into the Restructure Phase.

Restructure: For PTAs that do not attain Good Standing following the Notification and Restriction Phases, Texas PTA may begin the process of restructuring the leadership of the PTA or revoking the PTA's charter. A PTA that signs an Action Plan may temporarily move into Intervention giving them time to resolve any outstanding issues. The PTA will continue to be ineligible for awards, programs, and grants administered by Texas PTA and National PTA until Good Standing is achieved.

Intervention: Once in the Intervention Phase, Texas PTA will assign a support team to assist the PTA. If all requirements of the Action Plan are not resolved by the agreed-upon date, the PTA will be moved back into Restructure. **With cause, Texas PTA may place a Local PTA that has not met all Good Standing Requirements into the Intervention Phase early.*

1. Active Status is used to determine eligibility in many Texas PTA programs and services. Please reference specific program eligibility requirements to ensure your PTAs participation.
2. PTAs submit executive board member information to Texas PTA electronically via the Texas PTA website.
3. Bylaws are submitted via the Bylaws Submission Form found on the Texas PTA website.
4. Proof of filing and acceptance is the Exempt Organization Business Master File issued regularly by the IRS.

Resources

Texas PTA believes that volunteer at-home accessibility to FOUNDATIONS Training is important. As such, these trainings can be found at txpta.org/courses. Our volunteer leaders across the state can access quality educational resources to support success within their roles and build strong Local and Council PTAs.

FOUNDATIONS Trainings:

1. **ESSENTIALS** is a high-level orientation to PTA that is taken online via the Texas PTA website at www.txpta.org/training. It contains the mainstay information that every PTA Leader should know. Executive board members should take this training at least once in their PTA career. Leaders are encouraged to take Essentials (formerly titled Foundations Leader Orientation and Leadership Orientation Training) again whenever the training is updated.
2. **BASICS** contain detailed information to support PTA Leaders in their specific executive board position. Every executive board member must attend a BASICS course for their specific position at least once every two years. These training sessions are available on-demand via the Texas PTA website. Visit us online at www.txpta.org/training to register.
 - a. BASICS includes a workshop and companion Resource Guide, along with other supporting resources.
 - b. PTA Leaders can access the Resource Guides via the Texas PTA website or online store. Visit www.txpta.org/local-pta-leaders to download free PDFs or www.txpta.org/shop to purchase hard copies.
3. **SPOTLIGHTS** offer a short, in-depth review of some of the specific yet important topics and recurring PTA functions such as Bylaws and Standing Rules, Financial Reconciliations, Conducting a Meeting, and Nominations and Elections. Spotlights are free and are not mandatory but offer vital insights on specific and timely topics.

Reminder: Both the ESSENTIALS and BASICS are mandatory for executive board members. Visit www.txpta.org/training to learn more!

Newsletters and Alerts:

Texas PTA provides content-specific newsletters based on your PTA position. Please submit your information to Texas PTA each year. Registering as a Local PTA Leader will help ensure you receive important updates and position-specific newsletters! Visit www.txpta.org/officer-intake to access the form.

All executive board members are encouraged to follow Texas PTA legislative advocacy efforts closely by subscribing to Under the Dome, our advocacy newsletter. Sign up at txpta.org/take-action.

Leadership Development Resources:

Texas PTA training goes beyond the FOUNDATIONS by offering Leadership Development resources. The topics covered are the result of polling local and council PTA leaders across the state.

All PTA leaders are encouraged to go to txpta.org/leadership to discover what Extra Credit course you might like to take next to continue to explore your own leadership development.

Texas PTA Staff and Board Support

BOARD OF DIRECTORS | [Contact Form](#)

The Texas PTA Board of Directors are your volunteer representatives at the state level. From the president to the secretary, Texas PTA Board can help answer your questions and address your individual needs. You can reach them at: <https://bit.ly/3zp81Es>.

COMMUNICATIONS | communications@txpta.org

The Communications team manages and produces all Texas PTA communications, including *The Voice* (our quarterly newsletter), specialized newsletters (advocacy, healthy lifestyles, arts in education, environmental awareness, membership, and field service), social media outlets, and the Texas PTA website. They also serve as Texas PTA's contact for all media inquiries.

FINANCE | finance@txpta.org

Texas PTA understands the responsibility of managing your member dollars, and the Finance team is charged with monitoring Texas PTA resources in accordance with the annual budget, as adopted by the Board of Directors.

Members of the Finance team are also available to support PTA leaders in their compliance with state and federal financial requirements, such as filing the annual 990 with the IRS, as well as sales tax filings with the State Comptroller.

MEMBER SERVICES | memberservices@txpta.org

The Member Services team gives direct support to PTA leaders and members. They provide assistance with member recruitment strategies, bylaws and standing rules, organizing PTAs, and general questions on leading and managing a PTA.

The Member Services team is responsible for the development of recruiting resources that may be adapted for all levels of PTA – early childhood, elementary and secondary. Staff processes officer information, membership rosters and dues, and requests for copies of bylaws and standing rules. Staff also coordinates membership awards and the distribution of membership cards to Local PTAs.

PROGRAMS | programs@txpta.org

The Programs team is focused on connecting PTA members and leaders with the information they need to be successful, as well as developing programs. Whether your PTA is registering for LAUNCH, or requesting a Connect Program, the Programs team is available to assist you.

The Programs team is also your contact for student programs, such as Reflections, Camp Just Imagine, and Texas PTA's scholarship program.

FAQs

When does the new treasurer take over the books?

The bylaws provide that the treasurer assumes their duties following the close of the fiscal year; however, the outgoing treasurer should complete the books upon the close of the fiscal year, file a 990-N or draft the 990-EZ/990, and then turn the books over to the Financial Reconciliation Committee for review. Upon completion of the financial reconciliation, Form 990-EZ/990 is electronically filed by the outgoing treasurer and a confirmation of acceptance by the IRS and a copy of the filing is provided to the incoming treasurer.

Incoming treasurers should receive the books directly from the Financial Reconciliation Committee upon completion of their work.

When should we update the signature cards at the bank?

Upon turning the books over to the Financial Reconciliation Committee, incoming and outgoing officers go to the bank and change the signature card. Contact your bank in advance to verify what documents are required to change signatures.

Can I pay sales tax when we purchase our merchandise for sale so I don't have to collect it when we sell it?

No, sales tax must be collected from the end-user (customer) on the retail price, not the wholesale price.

The school district is requesting a copy of our annual report from last year. Should we provide it to them?

Determine first why the district is asking for the information. From time to time, PTAs are asked to provide financial information to school districts. Many times, these requests come as part of a GASB 39 request or question.

GASB is the Governmental Accounting Standards Board that establishes accounting and financial reporting standards for U.S. state and local governments (including school districts). GASB 39 is a standard that says all entities (PTOs, Booster Clubs, etc.) associated with a primary government (school district) are potential component units. If an entity is a component unit, then it should be evaluated to determine if it should be included in the financial reporting entity (school district).

There are three criteria to determine if an entity is a component unit:

- The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
- The primary government, or its component units, is entitled to or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

PTAs are not supporting organizations, clubs, or booster groups for any schools. They are separate legal entities with a distinct mission, vision, and purpose. Local PTAs work in harmony with school personnel, but they are not part of any school. Because of this, PTAs are not required to give financial information to a school district, especially under GASB 39.

We want to have good relationships with our school districts; however, we need to evaluate what and how we share information with them. Perhaps they simply need to know how much support we gave a specific school the past year. This would be a number we could generate based on our budget and share.

Can we have a fundraiser to raise money for a student who needs an operation?

No, funds cannot be raised through the PTA for an individual, no matter how worthy the cause.

The student's family may be encouraged to apply to the Texas PTA Emergency Relief Fund. PTAs are encouraged to donate to this fund, but contributions may not be earmarked for a specific individual.

Do I have to pay sales tax on prizes purchased as giveaways at a carnival?

No, items purchased for PTA use are exempt from sales tax. As these items are not sold, sales tax is not collected.

If we make no profit on our school supplies, do we have to collect and pay sales tax?

Yes, profit is not a factor in determining what items require the collection of sales tax.

How much money can we carry over to next year?

There is no established minimum or maximum amount. It will vary by PTA based upon when each holds its fundraisers. If you have no fundraiser until spring, you will need to carry over more than if your major fundraisers are in the early fall. A PTA should not raise more funds than is necessary to carry out its tax-exempt function.

A local business wants to contribute to our PTA but needs proof of our tax-exempt status. What do I give them?

Provide the business a copy of Texas PTA's IRS Determination Letter and a Letter of Good Standing for your Local PTA. Both of these documents can be obtained by contacting finance@txpta.org and including your contact information and your Local PTA name, city, and Local PTA ID number.

A business has agreed to donate \$500 to our PTA. However, they insist on writing the check to "PTA Texas Congress." What should we do?

You can allow them to write the check to "PTA Texas Congress," mail the check to Texas PTA, Attention: Finance, 408 West 11th Street, Austin, TX 78701, with a note that includes your Texas PTA ID#, PTA name, address, contact information, and an explanation of the situation. Texas PTA will then send your PTA an ACH transaction for the amount of the donation check. Please allow up to 10 business days for this process.

Can our PTA be a paying member of our local Chamber of Commerce?

Yes, as long as the PTA membership has approved the membership and its associated expenditure. This expenditure is included in the budget.

Can PTAs have capital projects that benefit the school?

Unlike many other non-profits, PTAs do not have capital projects. Because we operate on a cash-based accounting method, we only look at the current year's activity when it comes to our income and expenditures.

If a PTA determines that they wish to contribute to a long-term project, such as donating towards the cost of a school marquee, they would (a) present this to the PTA membership for approval each year and (b) write a check to the school for their contribution along with completing the appropriate paperwork that specifies where this contribution will be applied and the timeframe in which the school can keep the donation. This vote takes place after all fundraisers have been held; not before. PTAs do not carry over money for long-term projects. The only two escrow/liability accounts that PTAs have are the State/National Dues and the Sales Tax. These accounts are not the PTA's money; the PTA is just temporarily holding them until payment is remitted to the appropriate organization.

Can our PTA give door prizes?

Yes, as long as the item is nominal in value and money is not collected in order to be eligible. Texas PTA has defined nominal as not more than \$25.00 in value. For example, a door prize may allow a chance to win based on attendance at a meeting.

Are PTAs permitted to hold a raffle where multiple prizes are awarded by drawing from multiple containers, or does this constitute more than one raffle?

Per a written response from a representative with the Office of the Attorney General, as long as the prizes are awarded at one event/occasion, multiple containers to draw from can be used to constitute only one event/one raffle.

Can our PTA hold drawings for prizes?

Yes, PTAs can hold drawings for prizes of nominal value. One example includes when a parent purchases a PTA membership, their name goes into a drawing. This means that they have purchased the rights to be a member and get discounts from PTA partners and such. Another example would be if there is a purchase involved and they receive something for that purchase, such as \$xx.xx amount in carnival tickets purchased; their name goes into a drawing.

Can PTAs pay for workshop fees, speaking engagements, salaries, or fees to associations for school district employees?

PTAs may elect to pay for workshop fees or reimburse for continuing education through a faculty scholarship process. Similarly, to student scholarships, criteria must be established and published either in the PTA's standing rules or in a policy voted on by the membership. A committee would be appointed to select the recipients. The scholarship would allow them to take a class or attend a workshop that furthers their education. Travel expenses (mileage, airfare, hotel fees, and meals) are not included.

Professional speakers can be compensated for their services. If the professional speaker is paid more than \$600.00, then a Form 1099-NEC is provided to them by January 31 of the following year. School district employees are not allowed to be compensated for speaking engagements by the PTA but a token donation to another 501(c)(3) is permissible. For example, if the school district employee is a member of another 501(c)(3), a donation to their organization would be acceptable as long as it has a common purpose with PTA. If the school district employee is not a part of another like-minded non-profit, a donation to the school library for a purchase of a book would be a great use of the funds. This same policy would apply to PTA volunteers.

A letter to the individual who spoke along with where the money went is a great way to let them know how much the PTA appreciates their time and efforts.

This money could come out of the "Programs and Parent Education" budgetary line item. PTAs may fund supplemental employee positions, under certain restrictions. The school district would have to be willing to accept the donation, and it is imperative the PTA understand they are funding a position, not a specific individual. The PTA cannot participate in the selection of the employee or any other part of the employment process. The PTA also cannot guarantee funding for future school years, as these decisions are made annually by the membership of the PTA.

- PTAs do not donate towards teacher payroll;
- PTAs do not donate towards paying taxes;
- PTAs do not donate towards association fees for other organizations; and
- PTAs do not donate toward paying rental expenses of the school building.

If a school district is experiencing financial troubles, PTAs do not give money to them for the maintenance and operations (M and O) portion of the budget. In addition, Article III: Basic Policies of the PTA's local bylaws, states "that the legal responsibility to make decisions has been delegated by the people to the boards of education, state education authorities and local education authorities." Taxes, rent, and payroll are legal obligations of the school district; therefore PTAs do not involve themselves financially in these areas.

Notes

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Texas PTA



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THIS ITEM IS FOR PTA USE ONLY