



BASICS

Treasurer

Resource Guide
2018-2019



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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.

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.



Getting Started

QUICK-START ACTIONS

- Work with the outgoing treasurer to review your roles and responsibilities.
- Become familiar with the work of the Budget and Finance Committee and begin to prepare a budget.
- Develop a Plan of Work and submit to Executive Board for approval.
- Become an authorized signer on all executive accounts and ensure access to bank accounts and financial records transition to the executive board.
- Provide training to incoming board members on best practices for your PTA.
- Sign the Texas PTA Ethics/Conflict of Interest Agreement and submit to the secretary.

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.
- Keep an accurate and detailed account of all monies received and disbursed.
- Ensure all cash funds are counted by multiple individuals and documented with a Deposit Form. Triplicate Deposit Forms may be purchased from Texas PTA.
- 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.
- Present a financial report at all membership and executive board meetings.
- Make timely deposits to the PTA bank account.
- Reconcile monthly bank statements as soon as received from the assigned reviewer.
- Make disbursements in accordance with the budget, as adopted by the membership, and verify that each transaction is accompanied by a check request and necessary documentation.
- File the appropriate Form 990 within 60 days of the end of the fiscal year. PTAs are no longer required to report their filings to Texas PTA.
- File sales tax reports to Texas Comptroller as required (annually, quarterly or monthly).
- Maintain a list of assets owned by the PTA.
- Submit all required items to the Financial Reconciliation Committee in a timely manner.

REQUIRED MONTHLY DUTIES

- Reconcile the checkbook to the bank statement.
- Reconcile any credit card or merchant accounts to the bank statement.
- Generate financial reports for executive board and/or membership meetings.
- Propose any budget amendments as needed.
- Deposit and expend funds as needed and record in accounting software/ledger.
- Record sales tax and state/national dues in escrow
- Coordinate with membership chair to report members/dues to Texas PTA



Plan of Work Plan de Trabajo

Officer/Chairman Name:
(Nombre de Oficial/Presidente de Junta) _____

Position: Treasurer **Year:** 2017-2018
(Posición) _____ (Año) _____

Reproduce as needed for the appropriate number of goals.
(Se puede reproducir para metas adicionales.)

Responsibilities / Duties: (Responsabilidades)	The duties of the treasurer are to fill funds requests, make bank deposits, balance accounts, maintain financial records and budget, file tax returns when applicable, make regular financial reports, and various support duties.	Committee Members: (Miembros del Comité)	
Goal: (Meta)	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: (Proceso de Evaluación)	End of year review by financial reconciliation committee

Specific Action Steps (Proceso Especifico de Acción)	Start Date (Fecha de Empezio)	Completion Date (Fecha de Terminación)	Budget (Presupuesto)
Regularly check the treasurer file and vault, process funds requests and make deposits quickly after receipt of funds. Present financial reports at all regular membership and executive board meetings.	Ongoing		
Maintain (ledger or digital) financial records, update hard-copy files, balance all accounts to bank statement monthly.	Ongoing		\$100 for cloud-based financial software
File tax returns (sales tax and Form 990) within published deadline.		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.	
Monitor committee expenditures and report to committee chairs monthly on budget status and provide documentation of expenses.	Ongoing		

Resources: (Recursos)	
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PTA Budgets

A Budget and Finance Committee has the responsibility for developing a proposed budget for the PTA, and works to ensure that all association funds are expended accordingly. This committee may be elected or appointed in accordance with the PTA bylaws and/or standing rules.

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 service. PTAs do not raise funds for other organizations.

It is essential to have a budget in place at all times. A budget should be developed so that it may be adopted at the final membership meeting of the current fiscal year because, without an approved budget, there is no authorization to expend funds or to conduct fundraisers.

It's understandable that not all PTA plans will be finalized this far in advance, so the 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 expense that have been submitted to the executive board since the budget was first adopted.

DEVELOPING THE BUDGET

The Budget and Finance Committee studies the previous year's annual report to determine how well that budget met the association's needs, and considers requests for new programs or fundraisers. From this information, the committee proceeds to develop the budget.

The budget includes anticipated income, such as dues, donations, fundraisers and other merchandise sales. Expenses should be categorized in detail so members have a clear understanding of how association dollars are being spent.

APPROVING 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 approval. The budget is presented, item by item, to allow for discussion and amendment of each section. The approved budget must be recorded in the minutes of the membership meeting. A majority vote of the members present and voting is required for approval.

AMENDING THE BUDGET

The approved budget serves as the financial guide for the fiscal year. Since the budget is only an estimate of the planned expenditures and income for the year, amendments may become necessary from time to time.

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. Amendments require a two-thirds vote for approval.

Sample Budget

Terrific PTA

Proposed 2016-2017 Budget

Beginning 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
	Income Sub Total	\$ 16,925.00
Total Available Funds		\$ 18,925.00
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 mtgs)		\$ 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 administration (paper, supplies)		\$ 150.00
Reflections Awards		\$ 300.00
School Supplies (fundraiser)		\$ 6,000.00
Scholarships		\$ 500.00
Student Programs (arts awareness)		\$ 2,500.00
T-Shirts (fundraiser)		\$ 1,800.00
Teacher Appreciation		\$ 900.00
Website		\$ 125.00
Total Expenses		\$ 16,927.00
Balance to Carry Forward to 2017-18		\$ 1,998.00
Total		\$ 18,925.00

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, utilizing a Deposit Form that is available from Texas PTA. All signers should retain a copy of the completed 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 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.
- It is strongly recommended the PTA purchase a fidelity bond to insure the treasurer and all other persons authorized to handle funds of the association. The bond should be in an amount based upon the PTA's annual income and determined by the executive board.

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 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

Visit txpta.org/policies for detailed information on the following:

- Online Statement Review
- Use of Credit/Debit Cards
- Electronic Banking

A PTA's membership must vote to authorize e-commerce transactions by amending their standing rules or, in the absence of standing rules, adopting a separate policy. PTA's should note that all adopted policies must be reviewed and adopted annually.

PTA's who vote to authorize one or more of the e-commerce options must include the corresponding language in the standing rules or policy.

Deposit Form

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 _____

Person completing form/
Persona llenando el formulario _____

Phone # / Núm. Del tel. _____

Example / Ejemplo: 20 x \$5.00 = 100.00

Bills / Billetes		Amount / Cantidad
_____	x \$ 1.00 =	_____
_____	x \$ 5.00 =	_____
_____	x \$ 10.00 =	_____
_____	x \$ 20.00 =	_____
_____	x \$ 50.00 =	_____
_____	x \$100.00 =	_____

Total Bills/Total de Billetes \$ _____

Coins / Monedas		Amount / Cantidad
_____	x 1¢ =	_____
_____	x 5¢ =	_____
_____	x 10¢ =	_____
_____	x 25¢ =	_____
_____	x 50¢ =	_____
_____	x \$1 =	_____

Total Coins/Total de Monedas \$ _____

Checks / Cheques	
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____
# _____	\$ _____

Total of Checks/Total de Cheques \$ _____

Grand Total/Gran Total de todo \$ _____

Total Deposit / Total de Depósito \$ _____

Counter's signature/Firma de Contador _____

Date/Fecha _____

Counter's signature/Firma de Contador _____

Date/Fecha _____

Depositor's signature/Firma de Depositante _____

Date/Fecha _____

PLEASE MAKE SURE THAT 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.

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 the several types of coverage listed below and PTAs may secure any combination of coverage at any time during the year.

GENERAL LIABILITY COVERAGE

- \$1,000,000 liability coverage per occurrence.
- \$5,000 per person medical payment

General Liability coverage extends to all “normal” activities of your Local PTA. This includes bazaars, carnivals, movies, dinners, dances, open houses, meetings, after-prom parties, parades, skating parties and more.

OFFICERS LIABILITY COVERAGE

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

If a member or outsider files suit alleging negligent acts occurring in the management or operations of the Local PTA, coverage is provided for the PTA and personal assets of its officers. Some examples are:

FIDELITY BOND COVERAGE

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

A bond 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

- \$10,000 Property Insurance Limit
- \$250 deductible

If a PTA owns property or has care, custody or control of other people’s property, then this coverage will protect that property against damage or loss due to theft or natural hazard.

Raising Money

Many 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.

NONCOMMERCIAL POLICY & CO-VENTURING

PTA bylaws include the requirement to be noncommercial.

- 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 noncommercial 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.
- Structure agreements 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.

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) by requesting a copy of the Bingo Enabling Act, the Charitable Bingo Administrative Rules and the Bingo Operations Manual. You will also need to request a Texas Application for a Temporary License to Conduct Bingo 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 call the Charitable Bingo Division of the Texas Lottery Commission at 800-BINGO77 (800-246-4677). 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, they 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. Gift cards, gift certificates and coupons are considered cash equivalents by the IRS; therefore they are not permitted as raffle prizes.
- 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 \$5000 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.

DONORS AND CHARITABLE CONTRIBUTIONS

Donors must obtain a receipt from charitable organizations for contributions made, regardless of the amount or value. Canceled checks are no longer sufficient. PTAs must be prepared to issue receipts. There is no required format for the receipt and Social Security Numbers are not required. At a minimum, the receipt must reflect donor’s name, date, cash amount received or a description of the property received (the charitable organization is not required to value property received) and has the PTA’s name on the receipt. If a donor receives value for the donation, only the portion in excess of the value is deemed a donation and only that amount is reflected on the receipt.

RECORD KEEPING AND REPORTING

To comply with IRS reporting requirements, complete records must be kept on all monies received and all expenditures for seven years after the date the PTA’s return is filed.

UNRELATED BUSINESS INCOME TAX

If the PTA’s sole source of labor for all fundraising events is volunteers, the PTA will have no unrelated business income, and you may disregard this section. If, however, you ever pay anyone for services to assist the PTA in a fundraising event, this section must be reviewed carefully.

As a tax-exempt organization, PTA revenues are not subject to federal income tax if the revenue is raised in a manner that is related to the PTA’s tax-exempt purpose. However, it is possible for some revenue to be subject to income taxation. When this occurs, the amount subject to taxation falls into the category of unrelated business income.

A transaction or activity generally will be classified as yielding unrelated business income if it has all of the following three properties:

1. The activity provides income (but does not necessarily produce a profit), and the PTA takes an active role in the generation of the income.
2. The activity is conducted on a regular and continuous basis.
3. The fundraising activity is unrelated to the mission of the PTA. (Even when the proceeds are used to further PTA Purposes, if the method of raising the funds is unrelated it is deemed unrelated business income. Fundraising, per se, is not a related activity even if all of the net revenue will be used to support PTA programs.

However, if the activity is conducted by the PTA and at least 85% of the labor is provided by PTA the income generally will be excluded from taxation, even if the above three conditions exist.

If the PTA's unrelated activity starts to rival its related activity (so that the unrelated activity is perceived to be dominant), the PTA may no longer be perceived as a charity supporting itself with some unrelated business income; it may, instead, be viewed by the IRS as a business with some charitable activities. At that point, the PTA would lose its tax-exempt status.

IRS regulations require nonprofits to do the following:

- Report unrelated business activities when gross receipts are at least \$1,000.
- Report and pay taxes on such gains by filing IRS Form 990-T.

DISCLOSURE STATEMENTS

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

This disclosure must indicate (1) the fair market value of any tangible benefits received in exchange for a contribution, and (2) the amount of the donation that is deductible as a charitable contribution.

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 approving and amending the budget throughout the year.
- Bills should never be paid with cash.
- Check signers should never sign a blank check or issue disbursement without receipts or sufficient written documentation.
- Check should never be made payable to “cash”.
- Authorized signers on the bank account(s) may not sign a check where he or she is also the payee.

MAKING DONATIONS

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 nonpartisan, nonsectarian and noncommercial activity must be followed. If a separate coalition organization that has 501(c)(3) status is established, PTA may share in its funding only if one or more PTA representatives is part of the governing body of the coalition.

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).

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 (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 disbursement voucher with receipts attached for the Financial Reconciliation Committee to verify that funds were spent appropriately.

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.

The 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 for which to purchase the equipment and the contractor to install the equipment. In this scenario, liability insurance coverage, if purchased, does cover Local PTAs and their members for playground equipment liability.

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

PTA FINANCIAL REPORT

The bylaws require that the treasurer present the financial report at membership meetings, 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.

- Start with the balance on hand at the beginning of the year, month, or last meeting.
- List all receipts in detail and total; itemize all disbursements and total.
- End with the balance on hand as of the date of the report.

Copies of the report are distributed to the members in attendance, when possible. This report is not adopted but filed. The reports are provided to the Financial Reconciliation Committee during the financial reconciliation process and are maintained permanently. A copy is retained by the treasurer and another copy retained by the secretary, to be placed with the minutes.

BUDGET REPORT

The budget report should be presented 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.

ANNUAL REPORT

At the close of the Local PTA's fiscal year, the treasurer prepares an annual financial report covering the PTA's entire fiscal year. The treasurer makes a preliminary annual report to the membership at the annual meeting. This report is for information only and is not officially adopted; the report becomes official after the financial reconciliation has been completed. The annual report, as well as the financial reconciliation report, is filed with the permanent financial records and with the minutes.

The annual report looks just like the annual budget, but with year-end actual figures. It is presented in a format comparing actual figures to the approved budget as amended. Both the treasurer and secretary retain the annual report permanently.

Sample Financial Report

Terrific PTA

Financial Report- July 1, 2015 to September 19, 2015

Beginning Cash Balance: 7-1-15		<u>\$ 2,701.76</u>
Income		
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 Income:		<u>\$ 10,379.00</u>
Total Available Funds		<u>\$ 13,080.76</u>
Expenses		
Bank Fees		\$ (12.00)
Council Dues		\$ (75.00)
Check 156-Amazing Council PTA	\$ (75.00)	
Clothes Closet Donation		\$ (\$100.00)
Check 156- Amazing Council PTA	\$ (\$100.00)	
Credit Card Fees		\$ (56.32)
Leadership Training		\$ (1018.34)
Check 152-Susan Gleen (LAUNCH)	\$ (689.56)	
Check 153- Marcia Gonzalez	\$ (328.78)	
Membership-flyers, envelopes		\$ (26.51)
Check 157- John Campbell (printing)	\$ (26.51)	
PTA administration (paper, supplies)		\$ (16.78)
Check 151- John Campbell	\$ (16.78)	
School Supplies (fundraiser)		\$ (5986.25)
Check 158- Fancy School Supply Comp	\$ (5986.25)	
T-Shirts (fundraiser)		\$ (1678.00)
Check 150-Best T-Shirt Company	\$ (1678.00)	
Teacher Appreciation		\$ (87.69)
Check 157- John Campbell (first day)	\$ (87.69)	
Total Expenses		<u>\$ (9,056.89)</u>
Ending Balance September 19, 2015		<u><u>\$ 4023.87</u></u>
Receipts not belonging to PTA:		
State and National Dues Escrow received (104R)	\$ 468.00	
State and National Dues Escrow received (52F)	\$ 234.00	
State and National Dues Escrow payments		
Check 159-Texas PTA	<u>\$ (702.00)</u>	
Ending Balance State and National Dues	<u>\$ -</u>	
Sales Tax Escrow received	\$ 27.88	
Sales Tax Escrow payment		
Ending Balance Sales Tax Escrow	<u>\$ 27.88</u>	

Federal and State Taxes

Federal Taxes

In a ruling dated September 14, 1967, the Internal Revenue Service 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 the 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 our 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 PTAs not listed would be subject to income tax on all earnings.

FORM SS-4

Each PTA must have a nine-digit tax identification number, known as an Employer Identification Number (EIN), or federal ID number, issued by the IRS. This number is applied for by filing IRS Form SS-4. This number is part of the permanent records of the PTA and is kept on file with Texas PTA. All EINs are reported to IRS annually to identify those PTAs covered by the Texas PTA group exemption. **All PTAs must contact the Member Services Team at Texas PTA prior to filing the SS-4.**

The EIN is used for all checking account(s), savings account(s), and certificates of deposit(s) of the PTA. The number is also required when filing the appropriate 990 form or applying for a State of Texas sales tax permit.

If you do not know your EIN or have reason to believe you have not been assigned a number, contact the IRS. The IRS may be contacted at the customer service for exempt organizations number 877-829-5500.

FORM 990

A PTA's gross receipts in a given fiscal year determine the appropriate 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 and state and national dues portions are not a source of revenue to the Local PTA and are not included in the calculation.

The 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 Form 990 for three consecutive years will result in the PTA's tax-exemption to be 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 within 60 days after the end of the fiscal year.** PTAs are no longer required to report their filings to Texas PTA.

990-N

PTAs that gross less than \$50,000 will need to file the 990-N electronically with the IRS. This notice asks for a few basic pieces of information:

- the organization's taxpayer identification number
- its tax period (fiscal year)
- legal name and mailing address and any other names used
- a website address if one exists
- the name and address of a principal officer (president's name and address) and
- a statement confirming that the organization's annual gross receipts are normally \$50,000 or less.

990-EZ / 990

PTAs that gross more than \$50,000 but less than \$200,000 will be required to file the 990-EZ. PTAs that gross more than \$200,000 will be required to file the 990.

To reduce the risk of error and speed the acceptance of your return by the IRS, Texas PTA strongly suggests that the 990-EZ be filed electronically with a service provider such as File990.org. Filing electronically will also help ensure your PTA meets the filing requirement of the Standards of Affiliation in a timely manner.

If your PTA did not receive a Form 990-EZ or 990, it is the responsibility of the PTA to obtain a form to be filed. PTAs filing a 990 should engage the services of a licensed tax preparer.

When completing the 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 the Form 990/990-EZ. Due to the group nature of our exemption, all PTAs are considered nonprofit for the same reason. Therefore, all PTAs must check box 10 in Part I of Schedule A indicating the reason for non-private foundation 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 990/990-EZ. 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 box H on the 990-EZ.

If the Local or Council PTA reported more than \$15,000 from total gaming on line 6 a, and/or \$15,000 or more from fundraising and special events line 6 b, then Schedule G, Parts II and III must be attached to Form 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 in year-end.

When changing a fiscal year you need to file two 990 forms to reflect the old fiscal year and the one month to adjust for the new fiscal year. For example: If a PTA wishes to change from a May 31 to a June 30 year-end, a Form 990-EZ would be filed for the 12 months ending May 31 as usual. Additionally, a Form 990-EZ 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, Form 990-EZ is filed for the short year, and a bylaws amendment to reflect the change is adopted.

If the PTA is required to file a 990-N, 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 and Texas PTA 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.

FORM 1099-MISC

All PTAs are required to file Form 1099-MISC 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-MISC 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. The 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-MISC issued by the PTA during a calendar year. Even if only one 1099-MISC was issued by the PTA, a 1096 must still be completed.

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

State Taxes

EXEMPTION FROM PAYING 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.

Because all PTAs in good standing are covered by Texas PTA's exemption, they are not individually listed with the Texas Comptroller's office. If your PTA wants to be listed individually, complete the the Form AP-207 with the Texas Comptroller's Office. PTAs that choose to file for incorporation must also file for their own exempt status with the Texas Comptroller's office in order to ensure they are listed as exempt with the State.

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 nine-digit EIN issued by the IRS. This allows the Texas Comptroller's office to verify that any tax-free sales were legitimately sold to a tax-exempt entity.

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.

COLLECTING AND REPORTING 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 at the 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. 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.

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 minutes. Sales of otherwise taxable items made during the 24-hour period designated as the tax-free sale or auction need not be taxed.

The Texas Comptroller's office has ruled that brochure/catalog sales are not eligible for 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.

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

- 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 or donations are not considered sales. Total sales will be the accumulation of the income from items such as spirit wear, school supplies, cookie dough sales and school store merchandise.
- Taxable sales are those sales that are held and the PTA collected tax. In the example above, the cookie dough fundraiser sales would not be included as taxable sales because this event is already considered a tax-free sale. 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 that remains as a part of the PTA's income. The PTA should zero out the balance in the sales tax escrow account and increase the donations income by that same amount.

A PTA purchasing taxable items for resale must 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 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 at 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. The 81st Texas Legislature passed HB 1801 in 2009 expanding the list of items qualifying for exemption from state and local sales and use taxes during the annual sales tax holiday in August. 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.

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, tax must be collected. A resale certificate is given to the restaurant because PTA is going to resell the pizza.
- 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.

Any of the above taxable items could be deemed not taxable if sold on one of the PTA's two tax-free days. Every PTA is entitled to sell taxable items as nontaxable on two days (or 24-hour periods) per calendar year. These days are determined and designated in the PTA's minutes, prior to the beginning of the sale.

Most PTA's file returns annually or quarterly. Annual returns are due on the 20th of January and quarterly returns on the 20th of the month following the end of the quarter. There are penalties for late filing.

Note: If you are selling items that 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."

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.

Remember, the treasurer is legally responsible for all the funds of the association. However, the officers of the association are elected by the membership and have a fiscal responsibility to keep the affairs of the association on a sound financial basis.

IMPORTANT: Any investigation by the Financial Reconciliation Committee must be kept confidential.

A financial reconciliation is required, at least annually, at the end of the fiscal year. The review should also be performed:

- when any authorized check signer is added or deleted on any bank account; and
- at any time deemed necessary by the president or three or more members.

FINANCIAL RECONCILIATION COMMITTEES

- A minimum of three members are appointed by the president, at least 30 days before the last regular meeting of the year. All appointments are subject to the approval of the executive board.
- Authorized check signers may not serve on the committee, nor anyone related by blood or marriage or living in the same household as the signers.
- The incoming treasurer may not serve on this committee.

PREPARING FOR THE FINANCIAL RECONCILIATION

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

- most recent financial reconciliation report
- all checks for all accounts, both cancelled and unused
- bank statements and deposit receipts
- treasurer's books and ledgers
- annual financial report
- all receipts for expenditures
- minutes from membership and executive board meetings
- adopted budget as amended
- sales tax returns filed
- Form 990
- all correspondence with any taxing authority
- all financial reports for the period to be evaluated
- report of all fundraising events since the last sales tax return was filed. Include dates held, tax-free day designations, total sales, taxable sales and sales tax collected.
- roster of all dues-paying members and the executive board
- current bylaws and standing rules
- any other information requested by the Financial Reconciliation Committee

FINANCIAL RECONCILIATION CHECKLIST

PTAs can visit txpta.org/governance 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.
- Committee information and discussions are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. The committee may contact the outgoing treasurer for any clarification required.
- The committee should adhere to the Financial Reconciliation Checklist as provided below.

FINANCIAL RECONCILIATION CHECKLIST

Visit txpta.org/governance to download the most current checklist and reporting tools.

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 Local PTA president to determine what additional steps need to be taken.
- The Local PTA 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.

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 financial reconciliation report and maintained permanently by the treasurer 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.

When does the new treasurer take over the books?

The bylaws provide that officers assume their duties following the close of the fiscal year; however, the outgoing treasurer should complete the books upon the close of the fiscal year, secure the signature of the president, file the appropriate Form 990, and then turn the books over to the Financial Reconciliation Committee for review. 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.

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 they should be evaluated to determine if they 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. PTA's 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, neither would sales tax be 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 you're 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 our IRS Determination Letter and a Letter of Good Standing from Texas PTA. Both documents can be obtained by contacting the Finance Team at the Texas PTA State Office.

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 twenty-five dollars (25.00) in value.

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 escrow money for long-term projects. The only two escrow accounts that PTAs have are the State/National Dues escrow and the Sales Tax escrow. These are escrow accounts because these funds are not the PTA's money; the PTA is just temporarily holding them until payment is remitted to the appropriate organization.

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

PTA 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 six hundred dollars (600.00), then a Form 1099-MISC 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 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, in Article IV: Basic Policies of the PTA's local bylaws, it 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.



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

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

Notification: Texas PTA will notify the Local PTA of the action(s) required and allow the Local PTA 60 days, from the date of the notification, to attain Good Standing.

Restriction: A Local PTA that does not attain Good Standing within 60 days of the original notification will enter a restriction period. While in this restriction period, the Local PTA is not eligible for awards, programs or grants administered by Texas PTA or National PTA.

Intervention: If the Local PTA remains non-compliant after 45 days in the restriction period, Texas PTA will assign a Support Team to assist them, including the development of a written action plan to attain Good Standing. Restrictions will remain in place until an action plan is approved.

Restructure: For Local PTAs that do not attain Good Standing following the notification, restriction and intervention periods, Texas PTA will begin the process of restructuring the leadership of the Local PTA or revoking the Local PTA's charter.

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. To ensure acceptance by the IRS, we recommend that all forms (990N, 990EZ, and 990) be filed electronically.

What is a Procedure Book?

A Procedure book is an annual record of the plans and activities of a given PTA position; a method to help you stay organized and focused; and is vital to the effectiveness of an on-going officer or chair.

How to Compile a Procedure Book

- Ask yourself, “If I knew nothing about the job, could I do it with this procedure book?”
- Depending on your position, you may need hard copy materials at your fingertips (President, Secretary, Treasurer, Parliamentarian, Membership). If so, using a loose-leaf folder or binder with tabbed dividers is recommended.
- If your position does not require hard copy materials available at meetings, you can organize your procedure book with digital files and folders and store it on a USB drive.
- Note: Be sure to turn over the procedure book and all digital records to the new chair/officer at the completion of your term (see bylaws, executive board member duties).

SUGGESTED TABLE OF CONTENTS

BYLAWS/STANDING RULES

- A current date stamped copy of the PTA bylaws and Standing Rules (request a copy of these items on the Texas PTA website annually)

ROSTERS:

- Dated Roster: contact information for your PTA executive board including committee members and relevant staff
- Contact information of Council and Texas PTA officers or chairs with comparable responsibilities
- Resource people, related agencies and organizations in the community

ITEMS RELATED TO YOUR POSITION (as applicable)

- Description and responsibilities of your job (found in the bylaws, Standing Rules, previous year’s Procedure Book)
- Current Texas PTA Resource Guide(s) relevant to your position
- Copy of your approved Plan of Work
- All Reports given by you or your committee at meetings
- Financial records related to your position including expense reports with copies of your receipts, a copy of Itemized Receipt Forms (counting sheets) that you signed.
- Copy of promotional material, newsletter articles, planning sheets, evaluations, etc
- Award forms submitted by you or your committee to Council, Texas or National PTA
- Annual report- summary of your accomplishments during the year including recommendations for the following term

PTA MEETINGS

- Agendas and approved minutes from each meeting
- Financial Information
 - Approved/Amended Budget
 - Treasurer’s Report
 - Blank voucher forms for reimbursement of expense
 - Tax exempt forms
- Handouts and updates received from Texas PTA, Council and Local PTAs
- Record of volunteer hours at home and school to be reported to the volunteer coordinator (if applicable)

Resources

Texas PTA is committed to providing our volunteer leaders across the state with the knowledge and skills they need to be successful in their role within PTA. Access to quality educational resources is a key component in supporting this success, as well as continuing to build strong Local and Council PTAs.

TRAINING

FOUNDATIONS courses provide a broad overview of “what” PTA is, and share important information that every PTA leader should know. All incoming executive board members are required, per the bylaws, to complete the *FOUNDATIONS: Leader Orientation* course prior to October 15th following their election or appointment.

FOUNDATIONS: Leader Orientation has two components that must be completed. There is \$10 course fee payable with the first component and this fee is reimbursable by your PTA.

Welcome to PTA is a high-level orientation to PTA that can only be taken online via the Texas PTA website at txpta.org/training.

Serving on a Local PTA Executive Board is the nuts and bolts of leading your PTA. This portion of the course is taken in person and provided by Council PTAs and Field Service Representatives.

BASICS contain detailed information to support volunteer leaders in their specific executive board position. Every executive board member is strongly encouraged to attend a BASICS course for their own position, as well as any other related positions.

BASICS include a workshop and companion Resource Guide, along with other supporting resources. The workshops may be available via webinar, at Texas PTA events such as LAUNCH, or locally through your Council PTA or Field Service Representative training opportunities. PTA Leaders can access the Resource Guides via the Texas PTA website or online store.

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.

Training may be available via webinar, at Texas PTA events such as LAUNCH, or locally through your Council PTA or Field Service Representative training opportunities.

NEWSLETTERS AND ALERTS

PTA Leaders can stay up-to-date by visiting the Texas PTA website to subscribe to content-specific e-newsletters or *The Voice*, Texas PTA’s e-magazine.

These timely and relevant communications allow PTA Leaders to stay current with important issues and programs, such as:

- Helpful hints to make PTA leadership effective and rewarding
- Sharing PTA successes in engaging members of their community
- Status of legislative priorities and public policy initiatives
- Programming updates on healthy lifestyles, arts in education, and Schools of Excellence
- Availability of Ready. Set. Achieve! parent education programs
- Recognition opportunities through honors, awards and scholarships



 Texas PTA

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