

# TREASURER

2023-2024

# RESOURCE GUIDE





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Easy access to all of the live links in the Resource Guide are available at a scan of the QR code.



# 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.
- To advocate for fiscal responsibility regarding public tax dollars in public education funding.

## VALUES

- **Collaboration:** We will partner 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 achieving our association's strategic initiatives.

## PTA NATIONAL STANDARDS FOR FAMILY-SCHOOL PARTNERSHIPS

- Standard 1: **Welcome All Families** The school treats families as valued partners in their child's education and facilitates a sense of belonging in the school community.
- Standard 2: **Communicate Effectively** The school supports staff to engage in proactive, timely, and two-way communication so that all families can easily understand and contribute to their child's educational experience.
- Standard 3: **Support Student Success** The school builds the capacity of families and educators to continuously collaborate to support students' academic, social, and emotional learning.
- Standard 4: **Speak Up for Every Child** The school affirms family and student expertise and advocacy so that all students are treated fairly and have access to relationships and opportunities that will support their success.
- Standard 5: **Share Power** The school partners with families in decisions that affect children and families and together—as a team—inform, influence, and create policies, practices, and programs.
- Standard 6: **Collaborate with Community** The school collaborates with community organizations and members to connect students, families, and staff to expanded learning opportunities, community services, and civic participation



# Leadership Competencies

## Skills and Abilities Demonstrated by Effective Leaders

Successful leaders are effective leaders. Think of some of the most effective PTA leaders you have worked with. They fill their PTA role well, but their leadership capacity goes beyond that. They have skills and abilities that allow them to step into various 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 improve continually.

Texas PTA has identified a set of competencies that effective leaders demonstrate. Current and potential leaders can use these skills and abilities to improve their leadership. Local or Council PTA nominating committees can use them to recruit, nominate, and elect effective leaders. The competencies also drive our Full Circle Leadership Development program.

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
<b><i>Integral to All Categories</i></b>	
Communications	Listens actively and conveys information clearly, concisely, and accurately in both writing and speech
<b><i>Adaptive</i></b>	
Creativity	Sees and thinks of new ideas, alternatives, and ways to do things
Continuous Learning	Pursues the development of skills and knowledge
<b><i>Forward-Thinking</i></b>	
Critical Thinking	Obtains all relevant information, identifies problems and causes, evaluates information, and determines criteria that indicate solutions
Motivation	Demonstrates and promotes interest and enthusiasm
Vision	Demonstrates a clear understanding of the future and how to get there
<b><i>Interpersonal</i></b>	
Collaboration	Works as a team to achieve a common purpose, putting service before self
Initiative	Steps up unprompted and goes above and beyond with excellence
Relationship Building	Develops trust and mutual respect, and values diversity
<b><i>Intrapersonal</i></b>	
Empathy	Expresses verbal and nonverbal recognition of feelings, needs, and concern for others
Integrity	Does the right thing when no one is watching
Self-Awareness	Assesses their own strengths and weaknesses
<b><i>Technical</i></b>	
Delegation	Shares responsibilities, including guidance and follow up
Time & Resource Management	Effectively prioritizes and manages the resources to accomplish the goals of the group or project



# Texas PTA Diversity, Equity, and Inclusion Policy

This Policy has been developed 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 designed to further the commitment of Texas PTA to diversity, equity, and inclusion: To continually be a voice for all children by reflecting diversity and inclusivity 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 was amended as of May 23, 2023, 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 guide Texas PTA, its Board, 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, ethnicity, culture, religion, socioeconomic status, age, geographic area, sexual orientation, 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 represent the wide 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 are provided with what they need to be engaged and successful. This moves beyond an “equal across the board” approach to include the following:
  - a) Recognize and address bias and privilege.
  - b) Understanding and attending 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 safe, welcomed, and accepted. This means putting diversity into action with skill and intentionality, striving to ensure everyone feels respected, supported, and valued—and can fully participate with an equal voice and a right to be heard. This includes actively seeking out voices that have been traditionally underrepresented and/or marginalized.

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

- Promote and encourage awareness, inclusion, and engagement of all diverse populations represented in the community.
- Openly assess beliefs and practices to ensure inclusiveness and equity and to guard against discrimination.
- Strive to ensure that the membership, leadership, programs, partnerships, and published materials reflect the diversity of their communities.
- Facilitate communication with families in their communities in languages 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.
- Provide resources and training that develop a more diverse and inclusive group of members, leaders, and community.

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

## Local PTA

# Standards of Continuing Affiliation



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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.

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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.<sup>1</sup> (see requirements above)
2. Report all additional members and remit 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.<sup>2</sup>
4. Review Local PTA bylaws (and standing rules, if applicable) every three years and submit to Texas PTA for approval.<sup>3</sup>
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".

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### **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 Action Plan requirements 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.*

# Getting Started

- Register as a PTA leader within 15 days of election or appointment at [txpta.org/office-intake](http://txpta.org/office-intake).
- Complete all mandatory training available at [txpta.org/pta-training](http://txpta.org/pta-training) within 30 days of election or appointment.
- Join your PTA.
- Work with the outgoing treasurer to review your responsibilities and become familiar with the PTA's financial practices. Some important things to ask include:
  - Does the PTA have a sales tax permit? If so, does the PTA file sales and use tax returns monthly, quarterly, or annually? Does the PTA have sales tax to remit?
  - Which IRS Form 990 did our PTA file this year?
  - Are there any outstanding or recurring bills?
  - What financial tracking system does our PTA use?
- Become familiar with the adopted budget and work with other executive board members to determine any needed amendments before the new year begins.
- Develop a plan of work and submit it to the executive board for approval.
- Coordinate the addition and removal of the authorized signers on the bank account. Ensure you have access to bank and e-commerce accounts.
- Guide incoming executive board members on effective financial strategies for the PTA.
- Sign the Texas PTA Confidentiality, Ethics, and Conflict of Interest Agreement.
- Ensure the PTA President has appointed a [non-signer to review](#) all PTA accounts monthly.

## Responsibilities

The treasurer is the authorized custodian of the PTA's funds and serves 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's bylaws and standing rules (if applicable) and [Texas PTA's policies](#) available at [txpta.org/policies](http://txpta.org/policies).
- Ensure the 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 per the budget, as adopted by the membership, and verify that a funds request form and necessary documentation accompany each transaction.
- 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 account statements monthly, as soon as received.
- Keep on permanent file the PTA Employer Identification Number (EIN), as assigned by the IRS, and if applicable, the sales tax permit, as assigned by the Texas Comptroller in accordance with the Records Retention Policy.
- Electronically file the appropriate IRS Form 990 within 60 days of the end of the fiscal year.
- Present proof of acceptance by the IRS of the appropriate Form 990 filed by the previous treasurer at the first executive board meeting of the year.
- File sales tax returns to the Texas Comptroller as required (annually, quarterly or monthly) if the PTA has a sales tax permit.
- Submit all required items to the Financial Reconciliation Committee promptly.
- 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) and present at all regular membership and executive board meetings.
- Review the budget for any necessary amendments and present proposed amendments at the next membership meeting for approval.
- Reconcile the checkbook/financial records to the account 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, identify what's missing.

# Keeping Records

Compiling and maintaining a complete record of your activities can help the PTA Leaders who follow behind you. Passing important information to your successor gives them what they need to get started. A PTA should follow its 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 on a USB drive.

## Suggested Content

### *Bylaws/Standing Rules*

- A current, date-stamped copy of the PTA Bylaws and Standing Rules. Each year (after August 1), any registered executive board member can download 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](http://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 your Texas PTA Field Service Representative, Council of PTAs (if applicable), Texas PTA Board of Directors with comparable responsibilities, and the Texas PTA State Office
- Resources, 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 FOUNDATIONS 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 funds request forms with receipts, and copies of all deposit forms that you have signed
- Promotional material, newsletter articles, evaluations, and so on
- 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)



# Sample Plan of Work Muestra Plan de Trabajo

<b>Executive Board Member Name:</b> (Nombre del Miembro de la Mesa Directiva)			
<b>Position:</b> (Posición)	Treasurer	<b>Year:</b> (Año)	

Reproduce as needed for the appropriate number of goals.  
(Reproducir según sea necesario para el número apropiado de metas)

<b>Responsibilities / Duties:</b> (Responsabilidades/Obligaciones)	<p>Make disbursements per the adopted budget that have proper documentation, fill out funds requests, make bank deposits timely, reconcile accounts, maintain and update financial records and the budget, file IRS 990 timely, and present financial reports at regular executive board and membership meetings. Chair the Budget and Finance Committee.</p> <p><i>[Other responsibilities could include filing the sales tax return and other IRS forms (see IRS and State Sales Tax section of this guide)]</i></p>	<b>Committee Members:</b> (Miembros del Comité)	[List budget and finance committee members here]
<b>Goal:</b> (Meta)	To maintain the PTA financial records so that membership is aware of the financial happenings of the PTA throughout the year and the Financial Reconciliation Committee finds the reconciliation process to be easy and organized.	<b>Evaluation Process:</b> (Proceso de Evaluación)	End of year review by Financial Reconciliation Committee

Specific Action Steps (Pasos de Acción Específico d)	Start Date (Fecha de Inicio)	Completion Date (Fecha de Terminación)	Budget (Presupuesto)
Regularly check the PTA mail, treasurer file, and lock box. Process PTA funds request forms, and make deposits quickly after receipt of funds.	Ongoing		
Present a financial report and budget to actual report at all regular membership and executive board meetings.	Ongoing		
Maintain (ledger or digital) financial records., update hard-copy or electronic files, and reconcile all accounts to account statements monthly.	Ongoing		\$100-\$200 for financial software
File IRS Form 990 electronically within 60 days of the fiscal year-end		60+FYE date	\$40-100 if file IRS 990 long-form

<p><i>[If the PTA has a Sales Tax Permit, add the following:]</i>  File State Sales Tax Return as required by the Comptroller's office</p>		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 committees' expenditures and report to committee chairs monthly on budget status.	Ongoing		
Present records to the Financial Reconciliation Committee the PTA's fiscal year-end		[add month after fiscal year-end]	

<b>Resources: (Recursos)</b>	Council treasurer and local PTA executive board, Texas PTA Field Service Representative, Texas PTA Treasurer Resource Guide and website, Treasurers Basics Training, Records Retention Policy, National PTA website (e-learning)
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# PTA Budgets

It is essential to have a budget in place at all times. Without a budget adopted by the membership, the PTA executive board and PTA committee members are not authorized to collect money or spend PTA funds..

The budget and finance committee is responsible for developing the PTA's proposed budget for the next fiscal year for adoption at the final membership meeting of the current fiscal year. The treasurer serves as the chair of the budget and finance committee. This committee is appointed by the treasurer subject to the executive board's approval, unless the PTA's standing rules designate who may serve on the committee.

The budget is a financial representation of the activities and operations a PTA expects to conduct during the PTA's fiscal year, which can be found in the PTA's bylaws. The PTA 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.

## 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 PTA's needs and considers requests for new programs or fundraisers. The committee develops the proposed budget for the next fiscal year from this information. It's understandable that not all PTA plans for the following year will be finalized when this budget is prepared, so the initial budget needs only to include those income and expense items that have been planned at the time the budget is developed.

The budget includes anticipated income and expenses. Common income items PTAs budget for include the local portion of member dues, donations, fundraisers, and merchandise sales. The following are areas for which expenses should be budgeted:

- leadership training
- Insurance
- advocacy
- programs
- parent education

Income and expenses should be categorized in detail, so members clearly understand how PTA dollars are being spent. Line items titled "discretionary", "miscellaneous" or "general" expenses are not detailed enough to be transparent to the membership.

## Adopting the Budget

After the budget has been developed, it is presented by the committee chair to the PTA executive board for consideration and then to the PTA membership for adoption. If a copy of the proposed budget is not provided to each member electronically or on paper, or if there is an objection to the proposed budget not being read, each line item on the budget must be read. Discussion is offered. 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. The initial budget is only an estimate of the planned income and expenses for the year, so amendments may sometimes become necessary. Amendments require a two-thirds vote by the membership for approval.

At the first membership meeting of the new year, the treasurer presents an amendment to the budget to reflect any planned income or expenses that have been submitted via a plan of work and have been approved by the executive board since the budget was first adopted. At a minimum, an amendment to the estimated beginning balance will likely be necessary to reflect the actual beginning balance.

Any other time a line item budgeted expense is insufficient to cover actual costs, the budget must be amended and approved at a membership meeting before a check is issued for those expenses. When actual income varies from the expected amount, be it more or less, the budget should also be amended to reflect the actual income. If income is lower than projected, this amendment will require a reduction in some expense items or a reduction of the cash balance to carry forward to next year. If a fundraiser is initially approved as a general fundraiser budget line, membership must approve the actual fundraiser before commitment. This can be done through a budget amendment clarifying the fundraiser description or as a separate vote.

# Sample Budget

Terrific PTA

20 -20 Proposed Budget

	Budget
Cash Balance Forward	\$3,000.00
<b>Receipts</b>	
Membership: Local Dues (250 members x \$5.50)	\$1,375.00
Donations	\$250.00
Fundraiser: Fall Festival	\$4,000.00
Fundraiser: School Supplies	\$8,000.00
Fundraiser: T-Shirts	\$2,000.00
<b>Total Receipts</b>	<b>\$16,925.00</b>
<b>Expenses</b>	
Bank Fees	\$70.00
Clothes Closet Donation	\$100.00
Council Dues	\$75.00
Credit Card Fees	\$80.00
Fundraiser: Fall Festival	\$1,000.00
Fundraiser: School Supplies	\$6,000.00
Fundraiser: T-Shirts	\$1,800.00
Hospitality (PTA Meetings)	\$200.00
Insurance	\$400.00
Leadership Training	\$1,200.00
Legislative Action (Rally Day)	\$400.00
Life Membership	\$125.00
Membership Promotion	\$150.00
Newsletter	\$700.00
Parent Education	\$100.00
PTA Administration	\$150.00
Reflections Awards	\$300.00
Scholarships	\$500.00
Student Programs	\$2,500.00
Teacher Appreciation	\$900.00
Website	\$125.00
<b>Total Expenses</b>	<b>\$16,925.00</b>
Cash Balance Forward	\$3,000.00

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

# Handling Money

## Safeguarding Cash

- To protect both the PTA and its volunteers, PTA funds should always be counted and verified by the signature of two members on the deposit form before depositing. All signers should retain a copy or image of the completed form. One of the counters may be the PTA treasurer, unless prohibited by the PTA's standing rules.
- All cash should be deposited promptly after each event.
- Cash should never be taken from an event's collected money to use to pay expenses, reimburse individuals or to use as start-up cash for a later event.
- Deposits should be made as soon as possible, following receipt. If same-day or night deposits are not possible, all monies should be kept secure 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 detail 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 that the PTA purchase embezzlement insurance (bond) to cover any PTA members handling funds of the PTA. The coverage should be based on the PTA's annual income plus carryover and determined by the executive board.
- The President must appoint a Financial Reconciliation Committee at the end of the fiscal year, 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, as documented by written request or in meeting minutes.
- If the PTA suspects theft, fraud, or embezzlement has occurred, the PTA must follow the Texas PTA Theft, Fraud, and Embezzlement Policy at [txpta.org/policies](http://txpta.org/policies).

## Banking

- PTA money cannot be mingled with other funds and must be kept in a PTA bank account at a financial institution. The money of another group or organization is never deposited into a PTA account. Any request to use a PTA bank account is unacceptable, and possibly illegal, even if it costs the PTA no money.
- Changing the financial institution of the PTA bank account must be approved at an executive board meeting before the change occurs. The change in the bank should be shared in the executive board report at the next membership meeting. Texas PTA recommends that a change in a financial institution only be done at the start of a new fiscal year.
- The PTA bylaws state that the president (unless restricted by employment) and treasurer are authorized to sign on bank accounts and access accounts electronically.
  - The PTA should adopt a check-signing policy or include it in their standing rules to specify the number of signatures required, any additional check signers, amount thresholds, and any other stipulations.
  - If there are no standing rules, additional check signers may be appointed by the president, subject to the executive board's approval, and shared in the executive board report at the next membership meeting. Individuals authorized to sign on the bank account cannot be related by blood or marriage or reside in the same household.
- The treasurer is an authorized signer on all bank accounts, regardless of employment. Many school districts do not permit their employees to be signers on the bank account, even if they are PTA officers. Check with your school district about their specific employee volunteer policies.

## Electronic Banking

The password for an online account should be changed:

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

The executive board needs to determine who has online access to the PTA account, unless separately designated in the PTA's standing rules. 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. Before depositing, the PTA should endorse the check using the language provided by the bank regarding the mobile deposit. After depositing, write on the front of the check "Deposit Completed," the confirmation number, and the date the deposit was submitted to prevent accidental double deposit. Consult with your bank regarding how long the checks should be kept before destroying them. Proper documentation is required as with a traditional bank deposit, and a confirmation of the deposit should be attached to the deposit form.

### **Non-Signer 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 review an original bank statement. The reviewer should complete the Statement Review by Non-signer form found at [txpta.org/treasurer](http://txpta.org/treasurer). Paper copies of the bank statement and Statement Review by Non-signer form are not required and can be retained digitally. Securely destroy any paper documents that are scanned for retention. The PTA's adopted Records Retention Policy should reflect the storage information.

After review, the original Statement Review by Non-Signer form and a copy of the account statement are given to the secretary, and the reviewer retains a copy. The treasurer is given a copy. The secretary presents the report at the next executive board meeting and keeps the original for the PTA records.

If the reviewer has identified items for further review on the Statement Review by Non-Signer form, these items should be investigated by the executive board. The results of the investigated items should be attached to the Statement Review by Non-Signer form. If evidence of theft, fraud or embezzlement is discovered, the Theft, Fraud, and Embezzlement Policy found at [txpta.org/policies](http://txpta.org/policies) must be followed.

### **Electronic Financial Documentation**

The PTA Funds Request Form, Deposit Form, and Statement Review by Non-Signer form may be signed and stored electronically. A sample [funds request form](#) and [deposit form](#) are available within this guide and at [txpta.org/treasurer](http://txpta.org/treasurer). The funds request form 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 PTA's adopted Records Retention Policy should reflect the storage information.

### **Automated Clearing House (ACH)/Electronic Payments**

*Wire transfers of any kind are not allowed.* Payments to the following are permitted by ACH or eCheck:

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

ACH and eCheck payments to vendors outside of the above group are not allowed unless a vendor does not accept other forms of payment. In that case, the executive board must approve the use of an ACH or eCheck to that vendor.

As with all payments, proper documentation is required, including a completed funds request form and any other required documentation.

### **Online & Point of Sale Payment Collection Systems**

The PTA's membership must vote to authorize recurring payments, credit/debit cards, and online and/or point of sale payment collection system(s) 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. Visit the Texas PTA E-Commerce Policy at [txpta.org/policies](http://txpta.org/policies) for detailed information regarding the policy requirements.



# 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](http://txpta.org/pta-insurance).

## **Event/General Liability Coverage**

- \$1,000,000 or \$2,000,000 liability coverage per occurrence (no deductible)
- Protection from lawsuits if someone is injured at one of your events
- \$5,000 per person medical payment included (no deductible)
- Option for increased medical payments: \$10,000, \$25,000, and \$50,000
- Option for Media Liability to cover misuse of the content on your PTA website or social media
- Option for Hired and Non-owned Auto Liability
- Option for Abuse and Molestation Coverage

Event/general liability insurance covers carnivals, bounce houses, dunking booths, fun runs, skating parties, auctions, and more.

## **Directors & Officers Liability Coverage**

- \$1,000,000 liability limit (no deductible)

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

## **Embezzlement Coverage (Fidelity Bond)**

- Coverage available: \$10,000 to \$250,000 (usually based on annual revenue)
- \$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.

*Note: For embezzlement insurance to apply, a PTA must have account statements reviewed monthly by a non-signer and conduct an annual financial reconciliation.*

## **Business Personal Property Coverage (Inland Marine)**

- Coverage available: \$10,000 to \$250,000
- \$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. The three programs or non-fundraising activities to one fundraiser guiding principle is recommended by Texas PTA. PTAs should fundraise for the amount that is necessary to accomplish their goals for each fiscal year and not build a nest egg for future use. This principle provides guardrails that prevent a PTA from losing focus on the primary emphasis of the promotion of the purposes of the PTA.

There are many 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. PTA Leaders must 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 PTA, 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 an agreement between two organizations, not two individuals. The president only signs contracts with executive board approval, and the signer adds their title after their name to show they are signing for the PTA. Note the following elements when reviewing the contract:

- cost and profit percentages
- list of approved promotional materials
- desired services
- procedure for handling damaged, unsold, or returned merchandise
- 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.

Information regarding sponsorships, auctions, bingo, raffles, movie nights, and donors/charitable contributions can be found in the Fundraising Resource Guide.

## **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 its 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 so 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.

# Spending Money

## PTA Expenses

Consider the following when spending PTA funds:

- The PTA membership must authorize the expenditure of all funds by adopting and amending the budget throughout the year. Each executive board member and sub-committee chair prepares a plan of work (POW). The POWs are approved by the executive board and guide the work and provide detail regarding how PTA funds intend to be spent.
- Funds Request Forms are submitted to the treasurer to request a payment or reimbursement. All requests should include the associated receipts or invoices justifying the payment. Before 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 before payment.
- Purchases or reimbursements should never be paid for with PTA 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 funds request form for the amount of cash needed to have change for the event. The check should be made payable to the volunteer responsible for the start up cash. The start-up cash should then be deposited in the bank at the end of the event.
- Authorized signers on the bank account(s) may not sign a check where they are also the payee.

## Gift Cards/Gift Certificates

Any gift cards purchased by the PTA should not exceed \$25 in value and must be retail-specific (that is, branded cards of restaurants or stores). Generic cards (for example, MasterCard, Visa, and so on) 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 to subsidize PTA expenses, the gift card should be kept by the treasurer until it is needed for a PTA expense. Once needed, the individual should complete a funds request form and provide the receipts to the treasurer immediately after purchase.

## Recurring Payments

The PTA's membership must vote to authorize recurring payments 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. Visit the Texas PTA E-Commerce Policy at [txpta.org/policies](http://txpta.org/policies) for detailed information.

Recurring expenses should be documented with vendor, amount, frequency, and login info so the subsequent executive board may access and determine ongoing use.

## Debit/Credit Cards

The PTA's membership must vote to authorize the use of a debit or credit card 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. Visit the Texas PTA E-Commerce Policy at [txpta.org/policies](http://txpta.org/policies) for detailed information on debit/credit card requirements.

## Donations to Individuals and Groups

PTA members expect that most of the money raised by your PTA will be spent on programs and services that benefit the students of your school. However, there may be times when it makes sense to donate to another non-profit. While the PTA may never donate money to any person or family, they may donate to another non-profit if it shares a common purpose with PTA.

Donations may be made to another non-profit provided all of the following criteria are met:

- The PTA membership votes to donate.
- The group has 501(c)(3) status and the PTA has documentation to prove that.
- The group shares at least one common purpose with PTA found at [txpta.org/our-mission](http://txpta.org/our-mission).

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

### **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. Often, schools can purchase items at a significant discount where, if the PTA writes the check, they will have to pay the full retail price. Other times, the PTA may decide to fund a portion of the school's purchase. When the best fiscal decision is to have the school make the purchase, certain guidelines must be followed:

- The membership approves the donation amount 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 donations be made to the district and not a local campus. Some school districts will not allow a donation to be made for a certain purpose. Make sure you understand your school district's policy before donating.
- A sample donation form to the school/district agreement can be found at [txpta.com/treasurer](http://txpta.com/treasurer). Local school district procedures and policies may require that this form be modified.
- The written agreement specifically states the following information:
  - the nature of the item to be purchased;
  - the intended use;
  - the timeframe within which it is to be purchased;
  - the agreement to provide the PTA with a copy of the invoice;
  - the agreement that any excess funds will be returned to the PTA;
  - the agreement that all funds will be returned to the PTA if any of these terms are not met; and
  - the agreement on who is responsible for installation (if applicable), maintenance, and insurance.

### **Playground Equipment**

If the PTA members approve the purchase, or assistance with the purchase, of playground equipment for the school, the PTA should not directly purchase or install the playground equipment. The liability for any injuries from the playground equipment remains with the PTA regardless of any exemption statements made by the campus principal or school. It is important to note that Texas public schools may not be sued for injuries.

Instead of the PTA purchasing the playground equipment, the PTA should provide a check to the school if funds are approved and indicate that the funds are earmarked for playground equipment. The school will then choose the company 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, the PTA could face liability if the field trip is the PTA's event or the PTA gifts money to the school for a field trip. Gifting money to the school significantly reduces liability, but is no guarantee the PTA will not be held liable. Review the information provided by AIM Insurance by clicking the link Field Trips: What You Should Know at [txpta.org/pta-insurance](http://txpta.org/pta-insurance).

# Sample PTA Funds Request

Check # \_\_\_\_\_

<b>_____ PTA Funds Request Form</b>
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**PAYEE SUMMARY**

Payable to \_\_\_\_\_ Date Requested \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

Requestor \_\_\_\_\_ Date Needed \_\_\_\_\_

Budget Category(s) to be Charged & Corresponding Amount(s)

Budget Category	Amount	Budget Category	Amount
	\$		\$
	\$		\$

**PURCHASE SUMMARY**

Item Purchased	Place of Purchase	Amount
		\$
		\$
		\$
		\$
		\$
<b>TOTAL</b>		<b>\$</b>

*Receipts and/or invoices must be attached. A sales tax exemption form should be used when feasible.*

**CHECK DELIVERY INFORMATION**

Please indicate where you would like this check sent or how you would like to receive it:	
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**APPROVALS**

Committee Chair's Signature \_\_\_\_\_ Date \_\_\_\_\_

Treasurer's Signature \_\_\_\_\_ Date \_\_\_\_\_

2nd Signer's Signature (if Standing Rules require 2 signatures) \_\_\_\_\_ Date \_\_\_\_\_

**FOR TREASURER'S USE ONLY**

Receipt/Invoice Date		Date Paid	
Date Received		Payment Method	
Plan of Work/Motion		Total Payment	\$

# 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 online financial tracking systems. Other PTAs have few transactions and prefer paper ledgers or spreadsheet programs to track their finances. Texas PTA is partnered with [myPTEZ.com](http://myPTEZ.com) to provide free membership and a fee-based financial tracking system for our PTAs. The paid product includes a web-based application with multiple user logins, customer support, training, and the functionality you need to track your PTA's finances. The reports in this resource guide use the myPTEZ format and 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 in a liability account, as this money belongs to others. The state and national portion of PTA dues, and an associated membership roster, should be sent digitally or by mail to Texas PTA regularly, 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.

The PTA can also recruit members for free through [JoinPTA.org](http://JoinPTA.org), a mobile-friendly website where anyone can join a PTA using a credit or debit card. When a member joins through [JoinPTA.org](http://JoinPTA.org), they will be added to a PTA's myPTEZ account immediately. If your PTA is not currently on [JoinPTA.org](http://JoinPTA.org), visit [txpta.org/join-pta](http://txpta.org/join-pta) to learn how to add your PTA and complete the ACH authorization agreement. Payment for the local portion of dues collected through [JoinPTA.org](http://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](http://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 at other times when requested by the executive board or members. These reports must be given at every meeting for all accounts, not just the general account. Separate reports are prepared for executive board meetings and membership meetings because the reports will cover different reporting periods. The financial report provides the income and expenses of the PTA for the period from the last meeting, for the year to date, and also includes the adopted budget, as amended (if applicable).

The written financial report should include the following information:

- The periods covered
- The starting balance (cash balance forward) at the beginning of the period. This amount should agree to the adjusted cash balance (ending balance) from the last meeting report.
- Each budget line item's income (receipts) and expenses for the current period being reported, year to date, and the adopted budget, as amended (if applicable)
- The balance of PTA funds at the end of the period
- Sales tax and state/national dues liability changes and balance as of the date of the report.
- The ending balance (adjusted cash balance) as of the end date of the report

This information can be provided in two separate reports, if that is how the financial tracking system reports the information. Your financial software may refer to liabilities as escrow or off budget.

Copies of the report(s) are distributed electronically or on paper to the members in attendance. The membership can then see where the income and expense lines fall relative to the budget.

Financial reports are filed rather than adopted. The reports are provided to the secretary and attached to the meeting minutes, which are provided to the Financial Reconciliation Committee and maintained permanently.

A verbal report should also be given that includes the following information:

- starting balance;
- total income and expenses for the current period;
- change to sales tax liability during the current period;
- change to state/national dues liability during the current period; and
- ending balance of the sales tax liability and state/national dues liability accounts.
  - Note- in the myPTEZ financial software, this information can be obtained from a balance sheet as of the ending date of the report.

### **Preliminary and Final Annual Financial Report**

The treasurer presents a preliminary annual report to the membership at the annual meeting, the final meeting of the year. This report is for information only and is not officially adopted. At the annual meeting, the financial report may serve as the preliminary annual report if it includes the year-to-date actuals and the adopted budget.

Once the PTA's fiscal year is complete, the outgoing treasurer prepares a final annual financial report and provides it to the financial reconciliation committee.

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

# Sample Financial Report

Note: Your PTA's Financial Report may differ due to variances in software.

## Terrific PTA

### Financial Report September 20, 20\_\_ to December 10, 20\_\_

		Selected Period	Year to Date	Budget
Cash Balance Forward		\$2,701.76	\$3,000.00	\$3,000.00
Receipts				
	Membership: Local Dues	\$858.00	\$1,100.00	\$1,375.00
	Donations	\$75.00	\$200.00	\$250.00
	Fundraiser: Fall Festival	\$4,059.00	\$4,059.00	\$4,000.00
	Fundraiser: School Supplies	\$0.00	\$7,986.00	\$8,000.00
	Fundraiser: T-Shirts	\$1,460.00	\$1,855.00	\$2,000.00
Total Receipts		\$6,452.00	\$16,050.00	\$16,925.00
Expenses				
	Bank Fees	\$12.00	\$15.55	\$70.00
	Clothes Closet Donation	\$100.00	\$100.00	\$100.00
	Council Dues	\$75.00	\$75.00	\$75.00
	Credit Card Fees	\$33.22	\$56.32	\$80.00
	Fundraiser: Fall Festival	\$996.32	\$996.32	\$1,000.00
	Fundraiser: School Supplies	\$0.00	\$5,986.52	\$6,000.00
	Fundraiser: T-Shirts	\$1,678.00	\$1,678.00	\$1,800.00
	Hospitality (PTA Meetings)	\$26.51	\$58.99	\$200.00
	Insurance	\$0.00	\$400.00	\$400.00
	Leadership Training	\$0.00	\$1,169.88	\$1,200.00
	Legislative Action (Rally Day)	\$0.00	\$0.00	\$400.00
	Life Membership	\$0.00	\$0.00	\$125.00
	Membership Promotion	\$26.51	\$52.33	\$150.00
	Newsletter	\$50.00	\$150.00	\$700.00
	Parent Education	\$0.00	\$36.00	\$100.00
	PTA Administration	\$16.78	\$55.69	\$150.00
	Reflections Awards	\$0.00	\$0.00	\$300.00
	Scholarships	\$500.00	\$500.00	\$500.00
	Student Programs	\$750.00	\$750.00	\$2,500.00
	Teacher Appreciation	\$87.69	\$255.99	\$900.00
	Website	\$0.00	\$125.00	\$125.00
Total Expenses		\$4,365.03	\$12,496.59	\$16,925.00
Net Receipts		\$2,086.97	\$3,553.41	\$0.00
Cash Balance		\$4,788.73	\$6,553.41	
Change to Liability Acct: Sales Tax Payable		\$1.07	-\$174.19	
Change to Liability Acct: State & National Dues		-\$868.50	\$27.00	
Adjusted Cash Balance		\$3,921.30	\$6,406.22	
December 10, 20__ balance of Sales Tax Liability is \$83.85 and balance of State/National Dues Liability is \$0.				

# IRS and State Sales Tax

## 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. Texas PTA's group exemption covers the PTAs listed. For a PTA to be considered in Good Standing, it must comply with the Standards for Continuing Affiliation as published on the Texas PTA website at [txpta.org/standards-of-continuing-affiliation](http://txpta.org/standards-of-continuing-affiliation). Any PTA not included in the list sent to the Internal Revenue Service would be subject to income tax on all earnings.

To request a copy of the IRS Determination Letter and a Letter of Good Standing, email [leaderengagement@txpta.org](mailto:leaderengagement@txpta.org) and include your contact information along with your PTA's name, city, and PTA ID number.

## Federal EIN

Each PTA is 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 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.

The EIN is used for all PTA bank accounts. The number is also required when filing the appropriate IRS Form 990 or applying for a State of Texas sales tax permit. Be sure to use your PTA's EIN, not Texas PTA's EIN, when filing the 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 the total amount the PTA receives from all sources during its annual accounting period without subtracting any costs or expenses.

*Note: Sales tax collected, state and national dues, and any carryover from the previous year are not sources of revenue to the PTA and are not included in the calculation.*

The IRS Form 990 is an informational return only. It must be filed electronically. No money will be due if filed timely and accurately. If the PTA is assessed penalties for failure to file, contact the Texas PTA office for assistance before paying.

While the IRS provides a filing deadline no later than four and a half months after the fiscal year end, Texas PTA requires that PTAs electronically file and have their 990 accepted within 60 days of the fiscal year end. PTAs must file one of the following 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.
- **990:** Gross receipts of more than \$200,000 per year.

Texas PTA receives notification from the IRS throughout the year of 990s that have been filed and accepted. PTAs who do not file timely will be subject to the Retention Plan found in the PTA's bylaws. Failure to file the IRS Form 990 for three consecutive years will result in the PTA's tax exemption being revoked by the IRS.

## IRS Form 990-N

PTAs with gross receipts normally less than \$50,000 should file their 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 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 the PTA's 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 video on how to file are located at [txpta.org/treasurer](http://txpta.org/treasurer). Filing at [irs.gov](http://irs.gov) is free. Be sure that the IRS accepts your return before considering the filing to be complete. An IRS 990 login is unique to the individual filer and does not need to be passed down.

### **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 must file the 990.

PTAs filing Form 990-EZ may be able to do so electronically without the assistance of a paid preparer by using a fee-based online service. 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. Because of this requirement, make sure the licensed tax preparer is aware that 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). *Note: 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 on line 6b, then Schedule G, Parts II, and III must be filed with the 990-EZ/990.

In addition, all PTAs must 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.

The last three years' returns must be available for public inspection upon request. An organization is not required to provide a copy of its Form 990 if the organization has made that form publicly available, but must nevertheless make the form available for in-person inspection.

### **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 the PTA's year-end.

If the PTA files a 990-N and the treasurer observes that the fiscal year does not match the fiscal year designated in the bylaws, contact the Texas PTA Finance Department at [finance@txpta.org](mailto:finance@txpta.org), who will notify the IRS. This correspondence will correct the error and ensure the appropriate year-end is 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 votes to change its fiscal year, the PTA must 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 wants to change from a May 31 to a June 30 year-end, a Form 990-EZ/990 is filed for the 12 months ending May 31. A Form 990-EZ/990 is also filed for the short year of one month ending June 30. After that, a return is filed for each year ending June 30. On the other hand, if a PTA wants to change its year-end from June 30 to May 31, a return is filed for the short year ending May 31 for 11 months and, after that, every 12 months ending May 31. The change in the accounting year is indicated via the electronic filing program on the return for the short year.

If a PTA has changed its year-end within the last ten years and was required to file a long-form 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-NEC**

All PTAs must 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, and Form 1096 by January 31 of each year. Form 1099 includes the name and address of the payee, their social security number or EIN, and the total amount paid during the calendar year. Form 1096 summarizes all 1099-NEC issued by the PTA during a calendar year. Even if the PTA issued only one 1099-NEC, a 1096 must still be completed.

To obtain the above forms, visit the IRS website, [irs.gov/forms-pubs/order-products](https://irs.gov/forms-pubs/order-products). You may also electronically file these returns using the IRS's File Information Returns Electronically (FIRE) system. For more information, visit [irs.gov/FIRE](https://irs.gov/FIRE).

### **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 should be individually listed with the Texas Comptroller's office. You can verify if your PTA is listed at [comptroller.texas.gov/taxes/exempt/search.php](https://comptroller.texas.gov/taxes/exempt/search.php). If your PTA is not listed and wants to be listed individually, complete Form AP-207 with the Texas Comptroller's Office at [comptroller.texas.gov/taxes/permit/](https://comptroller.texas.gov/taxes/permit/).

When PTA members purchase items for the PTA, they present an exemption certificate to the retailer (available at [comptroller.texas.gov](https://comptroller.texas.gov)) to remove the sales tax. Some retailers have their own certificates and request the purchaser to sign them. Texas does not issue exemption numbers, so 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 tax-free sales were legitimately sold to a tax-exempt entity. Your PTA does not have to have a sales and use tax permit to be exempt from paying state sales tax.

### **Exemption from Paying State Hotel Occupancy Tax**

Texas PTA and its affiliates are exempt from the state hotel occupancy tax but must 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 [comptroller.texas.gov/taxes/exempt/search.php](https://comptroller.texas.gov/taxes/exempt/search.php).

### **Tax-Free Days**

PTAs may hold two, one-day (24-consecutive hours) tax-free sales (when 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 before the event. Sales of otherwise taxable items made during the 24-hour period designated as the tax-free sale or auction are not taxed. A PTA may also participate in the annual State Sales Tax Holidays designated by the Comptroller's office if the PTA is selling items included in the Sales Tax

Holiday.

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 for a 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 as one of their tax-free days, provided the following criteria are met:

- All orders must be submitted by the PTA to the supplier before the delivery of the merchandise.
- All merchandise must be delivered to the PTA by the supplier on one day (it 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 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 in 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.

If the PTA only sells taxable items during the two designated tax-free sale days, the PTA is not required to obtain a sales tax permit.

### **Sales and Use Tax Permit: Collecting and Reporting State Sales Tax**

A PTA must 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 two designated tax-free days allowed. 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. *Note: 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 at [comptroller.texas.gov/taxes/permit](http://comptroller.texas.gov/taxes/permit).

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

Make at least two copies of the permit. Keep 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 the PTA's permit is issued, it will be assigned a reporting period. This could be monthly, quarterly, or annually. Most PTAs are set up quarterly, but a request can be made by the PTA to move to an annual filing basis after a few quarterly returns are filed and it is evident the PTA does not have enough taxable sales to require quarterly filings. For annual filers, the return is 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 the PTA has a permit, even if the PTA had no taxable sales during the reporting period. There are penalties for late filing.**

Sales tax collected should be recorded as a liability and not as income to the PTA. This liability should be reported on each financial report until the sales tax is paid to the Comptroller's office.

Consider the following when completing the sales tax return:

- Total sales are the amount of PTA receipts resulting from 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 income from spirit wear, school supplies, cookie dough, school store merchandise, and so on. This includes both nontaxable and taxable sales.

- Taxable sales are the total amount of the sales on which sales tax should be collected. In the previous bullet, 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 designated by the PTA are not included in this calculation.
- The Texas Comptroller requests computation on income in whole dollars only. In addition, there is a .5% timely filing discount. As a result, there is always a small amount left in the sales tax liability account after sales tax is paid to the Comptroller's office. The PTA should zero out the balance in the sales tax liability account and increase the PTA's donation 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 e-commerce policies.

A PTA purchasing taxable items for resale must first obtain a sales tax permit and issue a resale certificate to the seller instead of paying sales tax. A PTA that only sells taxable items on designated tax-free days can provide an exemption certificate to the seller rather than a resale certificate. A PTA does not have the option of paying the sales tax when the merchandise is purchased 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 during a tax-free day.

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.
- 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 a student in an elementary or secondary school. These days do not count as one of the PTA's two tax-free days.

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 then sells it at no markup to its members. In this circumstance, the sales are not exempt from sales tax collection. PTA cannot act as a conduit to circumvent the sales tax collection on a sale that does not benefit the PTA.

The following sales scenarios illustrate the exception:

- If the PTA purchases pizza from a restaurant and sells it to their members for the same price the restaurant sells it for, sales tax is collected. A resale certificate is given to the restaurant because the PTA will 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 purchases the pizza from the restaurant to provide dinner at the expense of the PTA, and the membership does not pay for the pizza, the PTA is exempt from paying the sales tax.
- If the PTA purchases the pizza from the restaurant and sells the pizza for a profit, no sales tax is collected. The pizza is being used as a fundraiser for the PTA and is non-taxable.

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

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

For more information, visit the Texas Comptroller's website at [comptroller.texas.gov](http://comptroller.texas.gov).

# 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 fundraisers and Texas sales tax can be found under Resources at [txpta.org/treasurer](http://txpta.org/treasurer).**

# Financial Reconciliation

A financial reconciliation reviews a PTA's records to ensure that the governing documents are followed and that income and expenses are properly documented and conform with the adopted budget and the PTA's governing documents. The financial reconciliation committee must include all PTA accounts (including bank accounts, online payment processors, and credit cards).

Remember, the treasurer is legally responsible for all the PTA's funds. However, all executive board members of the PTA have a fiscal responsibility to ensure the PTA's funds are being used as directed by members (via the adopted budget) and that procedures and policies are being followed in the collection and spending of PTA money.

A financial reconciliation is required to be performed at the following times:

- the end of the fiscal year (year-end);
- any authorized check signer is added or deleted on any bank account; or
- any time deemed necessary by the president or three (3) or more members.

For the year-end financial reconciliation, the president appoints the financial reconciliation committee (consisting of no fewer than three (3) members) at the annual meeting. For any other financial reconciliation, the president appoints, subject to the approval of the executive board, a financial reconciliation committee within 10 days of request, and the reconciliation must occur within 20 days of the appointment.

The appointed financial reconciliation committee members *cannot* be:

- authorized signers;
- current secretary;
- incoming treasurer;
- majority student members;
- related by blood or marriage to each other, current secretary, or any authorized signers; or
- reside in the same household as the authorized signers or current secretary.

All members of the committee should sign a confidentiality agreement. All 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 president for any clarification required. All findings should remain confidential until the report is delivered.

## Preparing for the Financial Reconciliation

The 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 with funds request forms;
- all bank receipts with 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; and
- all correspondence with any taxing authority.

The 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 during the period under review;
- signed Confidentiality, Ethics, and Conflict of Interest Agreement; and
- Current contracts

## Financial Reconciliation Checklist

PTAs can visit [txpta.org/financial-reconciliation](http://txpta.org/financial-reconciliation) to download the current financial reconciliation checklist and report.

## **During the Financial Reconciliation**

- Checks are only written in the case of an emergency.
- The committee adheres to the Financial Reconciliation Checklist provided on the Texas PTA website.
- If the reconciliation is being performed at year-end or due to a check-signer addition/deletion, the update of the account signers with the bank should occur during the reconciliation so that business can resume immediately following the reconciliation.

## **Issues with the PTA's Records**

If the Financial Reconciliation Committee finds issues with the PTA's records, perform the following steps:

- Contact the treasurer or secretary 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 Field Service Representative. A Council PTA can request additional assistance from Field Service Representative if the Council PTA cannot resolve the matter.
- When evidence that theft, fraud, or embezzlement has occurred, the Texas PTA Theft, Fraud, and Embezzlement Policy (found at [txpta.org/polices](http://txpta.org/polices)) must be followed and the Texas PTA Treasurer should be notified by completing the form within the policy or emailing [treasurer@txpta.org](mailto:treasurer@txpta.org).

## **Immediately Following the Reconciliation**

- Give the PTA records and supplies to the treasurer (incoming treasurer, if this is a year-end reconciliation) so that they can proceed with business.
- For the year-end 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. Additionally, proof of a confirmed 990 filing is presented at the next executive board meeting.

## **Reporting the Results**

- For the required year-end or check-signer addition/deletion financial reconciliation, the committee shall:
  - Provide a copy of the report to the treasurer immediately following the conclusion of the reconciliation.
  - Present the report findings and recommendations at the next executive board meeting.
  - Present the report for adoption at the next membership meeting.
  - File the financial reconciliation report and annual/budget vs. actual report permanently with the secretary.
- For a reconciliation deemed necessary by the president or three or more members, the committee shall:
  - Hold the report until the next membership meeting.
  - Present the report for adoption at the next membership meeting.
  - File the financial reconciliation report and annual budget vs. actual report permanently with the secretary.
  - Provide a copy of the report to the treasurer.
  - Present the report findings and recommendations at the next executive board meeting.
- If a financial reconciliation cannot be completed due to the inadequacy or unavailability of the records, the membership shall be notified, and the report shall indicate the review is incomplete and include recommendations to correct the situation.

# Financial Mismanagement

Mistakes in managing the PTA's finances can occur, and sometimes a trusted individual will take advantage of their role in the PTA for their own financial benefit. It is important to seek help from your Council president or FSR as soon as possible to limit any additional losses to the PTA. If theft, fraud, or embezzlement is suspected, the PTA is required by the bylaws to follow the Texas PTA Theft, Fraud, and Embezzlement Policy found at [txpta.org/policies](http://txpta.org/policies).

## Financial Red Flags

- Bank statements are not seen by the treasurer and nonsigner monthly.
- Financial reports are not given at executive board or membership meetings.
- The beginning balance of a financial report doesn't agree with the last reported ending balance.
- Amounts in the financial reports do not balance the total.
- Money is counted by only one person.
- Checks or deposits are missing.
- Checks are made payable to a check signer's family members.
- Checks are made payable to "Cash."
- Checks are payable to the same payee made out for the same amount each month.
- Two or more signers on the bank account are related by blood, marriage, or reside in the same household.
- Receipts are not given for money received.
- Receipts are missing from funds request forms.
- The membership did not approve the budget.
- The membership did not approve fundraising activities.
- The amount of profit doesn't agree with the amount in the contract signed with the fundraising company.
- Less money was deposited for a fundraiser than paid to the company for the product received.
- Bills are received for unbudgeted items not in the budget.
- Individual PTA members profit monetarily from any fundraiser.
- Children are used to raise funds for PTA.
- The required annual financial reconciliation report was not presented to the membership at the first membership meeting of the new year.
- The financial reconciliation committee consists of signers on the bank account or of individuals related to those signers.
- Treasurer is missing meetings and not responding to emails and phone calls.

# 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 finalize all transactions at 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. The outgoing treasurer electronically files Form 990-EZ/990 upon completion of the financial reconciliation. The confirmation of acceptance by the IRS and a copy of the filing are 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 the outgoing treasurer turning the books over to the Financial Reconciliation Committee, incoming and outgoing officers should go to the bank and update the signature card. Contact the bank to verify the documents that 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. These requests could be related to a GASB 39 request or question.

GASB, the Governmental Accounting Standards Board, 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).

The following criteria 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 distinct missions, visions, and purposes. 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 must evaluate what information we share with them and how we share it. 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 and provide without needing to share the entire annual report.

## **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 found at [txpta.org/awards-grants](http://txpta.org/awards-grants). 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.

**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 sales tax collection.

**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 the PTA holds its fundraisers. If the PTA has no fundraiser until spring, the PTA will need to carry over more than if 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 PTA. These documents can be obtained by contacting [finance@txpta.org](mailto:finance@txpta.org) and including your contact information, your PTA name, city, and PTA ID number.

**A business has agreed to donate 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. Once you receive the check, mail it to Texas PTA, Attention: Finance, 408 West 11th Street, Austin, TX 78701, with a note that includes the PTA's 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 expense. This expense should be included in the budget.

**Can PTAs have capital projects that benefit the school?**

Unlike many other non-profits, PTAs do not have their own capital projects. If a PTA determines that they want 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. PTAs do not carry over money for long-term projects. Each year, the members for that year make decisions on how PTA funds will be spent.

The only two liability accounts that PTAs have are for State/National Dues and Sales Tax. These accounts are not the PTA's money; the PTA is just temporarily holding the money 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 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 various 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 have 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. 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. Similar 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) should be carefully considered before including them in the scholarship. These expenses could be considered taxable to the recipient and could create potential liability for the PTA. Before paying travel expenses, you should always check with the PTA's insurance company.

Professional speakers can be compensated for their services. If the professional speaker is paid more than \$600, 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 to fund projects over 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.
- PTAs do not donate towards 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 Principles of the PTA's 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.

# Training & Learning Resources

Texas PTA believes that volunteer at-home accessibility to FOUNDATIONS Training is important. As such, all required training is located at [txpta.org/courses](http://txpta.org/courses). Our volunteer leaders across the state can access quality educational resources to support success within their roles and build strong PTAs.

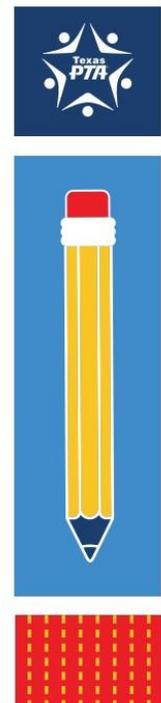
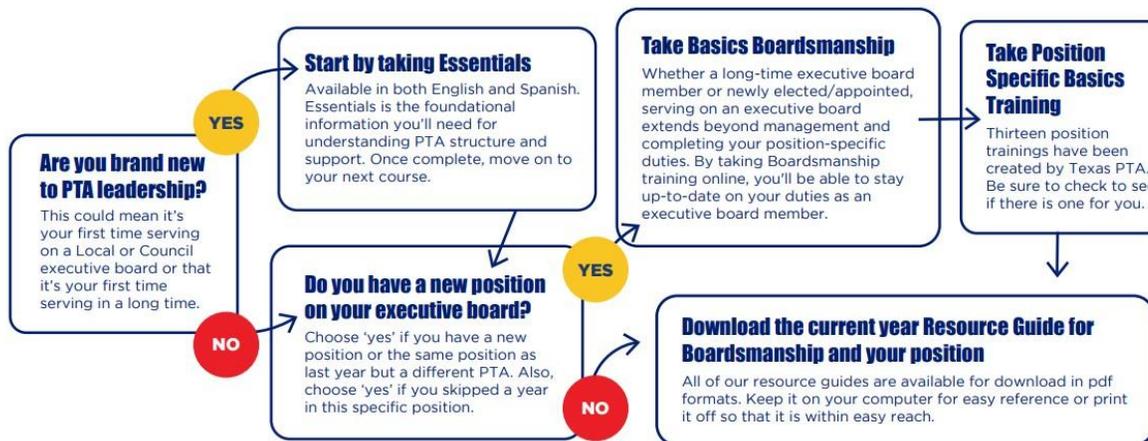
## FOUNDATIONS Required Training

- **Essentials** is a high-level orientation to PTA, taken online via the Texas PTA website at [txpta.org/pta-training](http://txpta.org/pta-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 (FLO) and Leadership Orientation Training (LOT)) again whenever the training is updated.
- **Basics** courses contain detailed information to support PTA Leaders in their executive board position. Every executive board member must attend a Basics course for their position at least once every two years. These training sessions are available on-demand at [www.txpta.org/courses](http://www.txpta.org/courses). Basics content includes an online training video, a companion Resource Guide, and other supporting resources.
  - a. PTA Leaders can access the Resource Guides via the Texas PTA website. Visit [txpta.org/local-pta-leaders](http://txpta.org/local-pta-leaders) to download free PDFs.

Reminder: Both Essentials and Basics courses are mandatory for executive board members. The path to ensure that all required training has been completed is explained in the following graphic.

## PTA Online Training | Where Do I Start?

*Texas PTA requires all Local and Council board members to complete FOUNDATIONS Essentials training once in their PTA career. Position-specific Basics Training should be completed each time a PTA executive board member changes positions or campuses. All trainings can be found online at [txpta.org/courses](http://txpta.org/courses).*



## FOUNDATIONS: Spotlights

Spotlight courses offer short, in-depth reviews of 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 optional, but offer vital insights on specific and timely topics.

## Newsletters and Alerts

Texas PTA provides content-specific newsletters based on your PTA position. Registering as an executive board member with Texas PTA each year helps ensure you receive important updates and position-specific newsletters! Visit [txpta.org/officer-intake](http://txpta.org/officer-intake) to access the form.

All executive board members are encouraged to closely follow Texas PTA legislative advocacy efforts by

subscribing to Under the Dome, our advocacy newsletter, at [txpta.org/newsroom](http://txpta.org/newsroom). You can sign up for advocacy Action Alerts at [txpta.org/take-action](http://txpta.org/take-action).

### **Leadership Development Resources**

Texas PTA training goes beyond the FOUNDATIONS by offering Leadership Development resources. The topics covered result from polling PTA leaders across the state.

All PTA leaders are encouraged to visit [txpta.org/leadership](http://txpta.org/leadership) to discover Extra Credit courses to continue their leadership development and to investigate the Full Circle Leadership program.

# Texas PTA Staff and Board of Directors Support

## **BOARD OF DIRECTORS** | [txpta.org/bod](https://txpta.org/bod)

The Texas PTA Board of Directors are your volunteer representatives at the state level. From the president to the directors at large, Texas PTA Board members can help answer your questions and address your needs. You can reach them at the address above.

## **COMMUNICATIONS** | [communications@txpta.org](mailto: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](mailto:finance@txpta.org)

Texas PTA understands the responsibility of managing your member dollars. The Finance team is charged with monitoring Texas PTA resources according to 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 and sales tax filings with the State Comptroller.

## **LEADER ENGAGEMENT** | [leaderengagement@txpta.org](mailto:leaderengagement@txpta.org)

The Leader Engagement team gives direct support to PTA leaders and members. They assist with standards of continuing affiliation, bylaws and standing rules, organizing PTAs, and general questions on leading and managing a PTA.

## **MEMBER RELATIONS** | [memberrelations@txpta.org](mailto:memberrelations@txpta.org)

The Member Relations team is responsible for developing recruiting resources that may be adapted for all levels of PTA – early childhood, elementary, and secondary. Staff assists with member recruitment strategies, processes membership rosters and dues, and coordinates membership awards and the distribution of membership cards to Local PTAs.

## **PROGRAMS** | [programs@txpta.org](mailto:programs@txpta.org)

The Programs team is focused on connecting PTA members and leaders with the information they need to be successful and develop programs. The Programs team is your contact for student and staff programs, such as Reflections, Texas PTA's scholarship, and educators awards, as well as Texas PTA's turnkey campus program library- Connect. Whether your PTA is registering for LAUNCH or requesting a Connect Program, the Programs team is available to assist you.











Texas PTA



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