

Welcome to 2025 Leadership Convention

This session will begin soon



2A - PTA and the Law

Corey Fairholm, Utah PTA President

Julie Cluff, Utah PTA President-elect

Karen Beebe, Utah PTA Treasurer

Carol Rednour, Utah PTA Secretary

Charissa Little, Utah PTA Regions VP



Utah PTA Mission Statement

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



Structure of PTA

National PTA

Utah PTA

Area (VP & Directors)

part of Utah PTA Board of Directors

Region Support Committee

part of Utah PTA Board of Managers

Council PTA

Local PTA



Utah PTA is a Nonprofit Corporation

- Utah PTA is a legal entity, separate from its organizers and members.
- As a legal corporation, Utah PTA has a sense of permanence.
- Corporations are governed by Articles of Incorporation/Organization and Bylaws.
- Corporations protect individuals from personal liability.
- Nonprofit corporations enjoy certain tax advantages or exemptions.



Utah PTA/Local PTA Relationship

- Utah PTA's nonprofit status extends to all units under its umbrella.
- For banking purposes, each local PTA has its own IRS EIN that is linked to Utah PTA's General Exemption Number.
- All units share a sales tax exemption number with the Utah State Tax Commission.
- All units share in the Utah PTA Charitable Solicitations Permit waiver.
- Local PTA units are NOT school-managed organizations, they are separate legal entities that partner with schools to fulfill the PTA mission.



Tax-Exempt Status is an Asset!

Maintain Tax Exempt Status:

- Always work toward stated charitable purpose (Mission Statement)
- Limit political activities and lobbying
- Maintain active incorporation and follow internal controls
- File annual IRS informational returns

Jeopardize Tax Exempt Status:

- Private benefit and inurement, including benefits to members.
- “Lending” the PTA name or tax-exempt status to other organizations. (commingling)
- Substantial lobbying activities
- Political campaign involvement



Advocacy vs Lobbying

ADVOCACY

Informing members, the public, and decision makers about the issues but not asking for specific action.

LOBBYING

Contacting or urging others to contact members of a legislative body to influence decision makers on a specific piece of legislation or specific appropriation item.



Fiduciary Responsibilities of Officers

- **Duty of Care** – Attend board meetings, stay informed, and fulfill responsibilities.
- **Duty of Obedience** – Follow the organization’s bylaws and comply with local, state, and federal laws.
- **Duty of Loyalty** – Put the interest of the organization first and promote the organization’s mission rather than your own personal interests when representing PTA.



Accountability & Transparency

- PTA officers must maintain accountability and transparency at all times.
- Each PTA unit is accountable to its members, sponsors, community, and governmental regulatory agencies.
- Accountability extends to maintaining the good reputation that PTA has earned over its long history.
- Transparency is crucial for all nonprofit organizations, and PTA is no exception.
- PTA officers are stewards, not owners of our organization.



Members' Rights To Inspect Records

- Articles of Organization
- Bylaws
- Standing Rules
- Board of Directors Info
- Membership List
- Meeting Minutes
- Financial Records



Bylaws & Standing Rules

- Bylaws are a legally binding set of rules that guide an organization, comparable to a constitution.
- Local unit & Council bylaws are renewed and approved by Utah PTA every three years; however, they may be amended at any time.
- Copies of local unit bylaws can be found at the Utah PTA website.
- Standing Rules are maintained by the local unit and offer guidelines specific to each local unit.
- Standing Rules may not be in conflict with the bylaws.



Meeting Minutes

- Minutes are the written and legal record of a corporation.
- The IRS requires all nonprofit corporations to maintain meeting minutes.
- Minutes are permanent, historical records that document the business of the PTA; they should never be destroyed.
- All meetings should have minutes – General Membership, Board of Directors, Executive Committee, and Commission/Committees.



Financial Internal Controls

Bank Account/Check Signers

- Three authorized signers are required.
- No two people who are related by blood or marriage or who reside in the same house may be signers on the account.
- The Admin VP, Teacher VP, and School Secretary can NOT be signers on the bank account. Other school employees should be avoided as signers as well.
- The Treasurer maintains custody of the checkbook, never the president.
- Two signatures are required on every check; preferably the president and treasurer.
- **Do not sign your own check!**



Financial Internal Controls

- Traditional debit cards and credit cards are NOT allowed.
- Electronic transactions are NOT allowed (except for membership dues paid via Givebacks ACH).
- Online banking access should be “read only” – used to download & print monthly bank statements.
- The Utah PTA eCommerce policy may be utilized (very cautiously!) for prefunded spending cards and traditional online banking access.



Financial Internal Controls

- Money Counting/Depositing of Funds
 - Three (3) people must count all money, including verifying checks received.
 - Two (2) people take the deposit to the bank.
 - Deposits are made the same day, utilizing the night depository if necessary.
- Credit Card platforms are allowed (Givebacks, Square, PayPal, etc)
- Monthly Bank Statement Review
 - Non-signer Board Member reviews/signs, President reviews/signs, Treasurer reconciles
- Create and follow a membership-approved budget.
- Monthly Treasurer Reports



No Venmo!

- Peer-to-Peer platforms (Venmo, Cash App, Zelle, etc.) do not provide proper reporting for businesses.
- While Venmo allows small businesses and nonprofit organizations to use their platform (for a fee), it is still not approved by Utah PTA and is not recommended by NPTA
- The nonprofit Venmo option must be linked to an individual's Venmo account through a cell phone number.
- The Venmo user agreement requires the bank account be owned by the user. PTA officers are authorized signers, not owners.
- PTAs using Venmo are in violation of the user agreement and are doing so fraudulently.
- Venmo could freeze the account or retract funds deposited if the account is used fraudulently.



Raffles versus Drawings

- Under Utah law, it is illegal to operate a scheme under which a person GIVES something of value in order to obtain a chance to GET something of value.
- A raffle, which requires the purchase of a ticket (or allows the purchase of additional tickets to increase the odds of winning), is illegal in Utah, even for charitable purposes.
- A drawing allows everyone in attendance an equal opportunity to win a prize with no monetary purchase required; therefore, it is legal to conduct a drawing.



Games of Chance: Is it allowed?

- **YES:** A PTA can charge a fee for an event and give everyone in attendance a ticket for a drawing to win a door prize. The entrance fee is not directly associated with the ticket and everyone in attendance has an equal chance to win.
- **NO:** Holding a drawing where donors are given different amounts of tickets based on their level of donation.
- **YES:** Silent and live auctions are not considered as games of chance but rather a negotiation for the purchase of products or services.
- **YES (sort of):** A drawing of PTA membership for a door prize at Back to School Night.



Insurance Requirements

Utah Tort Limit is \$3.1M;
however, per AIM, a max
of \$2M (General Liability) is
sufficient for needs of the
local PTA unit.

Types of Coverage

- General Liability (required)
- Fidelity Bond/crime (required for credit card processing/eCommerce Policy)
- Officers/Directors Liability
- Property



Legal Contracts

- A signed contract is a legal document that binds the PTA and could result in legal liability if not fulfilled.
- All contracts must be in writing; having been carefully read and understood before signed.
- The length of the contract must be limited to the term of the participating officers.
- All contracts must be approved by the Board of Directors.
- Only the president can sign a contract and should do so on behalf of the organization (*i.e. Utah PTA by Corey Fairholm, President*).



What is Good Standing?

- Adhere to the purposes and policies of PTA
- Have a current EIN from the IRS on file with Utah PTA
- Enter current officers in Givebacks
- Renew bylaws every three years
- Remit national and state dues to Utah PTA by the 25th of each month
- Submit End-of-Year Compliance Documents by August 1st
- Submit Beginning-of-Year Compliance Documents by October 1st
- Follows other requirements as outlined in the Standards of Affiliation for Good Standing.



Policies & Procedures – Why?

- Strong financial internal controls are a necessary part of any business, even nonprofit organizations.
- Unaffiliated parent organizations (PTOs) should utilize these policies and procedures as well.
- Following the policies as outlined provides a safeguard of the assets of the organization.
- Rules are not meant to make the job hard – they are in place for the protection of the organization's leaders.

We are here to help you!



Questions?

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Connect with us on social media



FACEBOOK

- Utah PTA
- Utah PTA Advocacy
- Utah PTA Super Secondary
- Utah PTA Excellent Elementary
- Utah PTA Treasurers
- Utah PTA Reflections
- Utah School Community Councils
- Utah PTA Teachers
- Utah PTA Battle of the Bands



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