

WELCOME TO 2024 LEADERSHIP CONVENTION

Session will begin soon



The logo features the words "DEVELOP", "ADVOCATE", and "ENGAGE" stacked vertically in a blue, distressed font. A dark green vertical bar is positioned between the words, containing the word "UTAH" in white, uppercase letters. The entire graphic is set against a white background with a faint, light blue outline.

DEVELOP
ADVOCATE
ENGAGE

Develop programs, resources, and leadership skills that enhance the lives of all children, youth, and their families.

Advocate by speaking on behalf of all children and youth in schools, in the community, before governmental bodies, and before other organizations that make decisions affecting children.

Engage the public in united and equitable efforts to secure the physical, mental, emotional, spiritual, and social well-being of all children and youth.

Beyond Basics For Treasurers

Karen Beebe
Utah PTA Treasurer



IRS 501c3 Exemption

- The IRS issues a “determination letter” or ruling to organizations that have qualified for tax-exempt status under IRS Code Section 501(c)(3).
- Utah PTA has secured the 501(c)(3) exemption ruling from the IRS and is the central (umbrella) organization for all local units under its group exemption ruling.
- Utah PTA can provide a letter about its group exemption ruling and a copy of its determination letter from the IRS for potential donors. Contact the Utah PTA Treasurer if you need a letter for your PTA.



IRS 501c3 Exemption - Important Numbers Per IRS Code

- Non-profit organizations are limited to spending an insignificant amount of money and time on lobbying efforts. Per the IRS definition, no more than 20% of annual expenditures and volunteer hours may be spent on lobbying.
- Any non-profit organization earning \$1,000 or more in what is considered as Unrelated Business Income must file a tax form to report this income to the IRS. This could create a situation where the PTA unit incurs tax on this income.



IRS 501c3 Exemption - Important Numbers Per IRS Code

- Non-profit organizations are limited to spending only a nominal amount of funds on hospitality expenditures (snacks, drinks, meals, and related supplies). For this purpose, the IRS considers 5% as nominal.
 - We should be mindful of this restriction when setting budgets.
 - Meals for teachers may fall within a gray area. The IRS could deem them as hospitality, while PTA could argue that it is a direct mission-driven expense.



IRS Form W-9

Federal Form W-9: Request for Taxpayer Identification Number and Certification

- Someone who is giving money to your PTA may ask for a completed W-9.
- This is okay! It is simply a form that is used to verify the PTA name, address, and EIN.
- Many larger companies and school districts require it for their accounting systems.
- Instructions of exactly what to fill out can be found on page 28 of the Utah PTA Treasurer's Handbook.



Fundraising Policies

- PTAs do not exist to raise money - but raise money to exist.
- Fundraising is NOT a primary function of PTA.
- Follow school district policies and get principal approval for all fundraising activities.
- Provide a safe environment for students to help
 - No Door-to-Door selling.
- Be mindful of rewards that exclude students.
- Some fundraisers will incur fees - explore all options.



Fundraising Issues

- PTAs are often asked to finance programs and make purchases for the school.
- Before approving such proposals and including it in the annual budget, a PTA should consider:
 - Is this proposal the public's responsibility?
 - Is it something that taxes should pay for? i.e. textbooks, technology, playground equipment, classroom materials, etc.
- PTAs should not contribute to the inequities within a school district by excessive funding.



Other Income Options

- Passive Fundraisers: Spirit Nights, Shop to Give, etc.
- Corporate Sponsorships
- Donations
- Donor-Advised Funds (page 68-69):
 - Benevity Causes, Fidelity Charitable Gift Funds, Your Cause, etc.
 - Other DAF/Employee Funds: Adobe Employee Company Giving, Kohl's Cares Program, United Way Employee Giving, Vanguard Charitable, Walmart Foundation, etc.
 - Contact the Utah PTA Treasurer if you are receiving DAF, as the donation must flow through Utah PTA.



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 also 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.



Substantiation and Disclosure Requirements

Acknowledging Donors or Sponsors (pages 64-65):

- As a 501(c)(3) exempt organization, contributions made to Utah PTA or its local units may be treated as tax deductible for income-tax purposes.
- A PTA unit should issue a written acknowledgement for any single contribution of \$250 or for any amount upon request.
- Samples of acknowledgement letters may be found on pages 124 and 125 of the Utah PTA Treasurer Handbook.
- Be sure to indicate if any goods or services were received for the donation.



PTA Funds versus School Funds - Commingling

- All PTA monies belong to the association and decisions about disbursement of PTA funds must be approved by the general membership.
- PTA monies must NEVER be commingled with the funds of any individual, the school, or any other organization.
- The PTA must not allow school or other funds to “flow through” its checking account.
- If the PTA sponsors a project or program in cooperation with the school (or other mission-related organization), all funds should be accounted for and separated before the immediate deposit of the PTA portion into the PTA bank account. (Utah PTA strongly discourages joint fundraisers).



PTA Funds versus School Funds - Commingling

- It is the treasurer's responsibility to never allow the deposit of any non-PTA funds into the PTA account and must never allow the deposit of PTA funds into a non-PTA account.
 - This applies to the school's accounts. School funds are public money and PTA funds are private money. We must never commingle.
 - This also applies to an individual accepting Venmo payments in his/her personal Venmo account and then paying the PTA for the amounts collected.



PTA Funds versus School Funds - What can PTA pay for?

- PTAs should raise funds to support PTA sponsored events and programs.
- PTAs should not spend its funds on supplies and equipment that the school district should be paying for.
- PTAs should not spend its funds on school clubs, teams, or small groups of students.
- PTA funds should be spent for the benefit of ALL CHILDREN.



PTA Funds versus School Funds - Education Foundations

- School District Foundations are the fundraising arm of schools, not PTA units.
- If the PTA identifies a substantial need at its school, that will take considerable funds to implement, it should coordinate with the school district foundation through the grant or direct donation process.
 - Matching funds are sometimes available.
 - Donations made directly to the EF is best.



Grant Agreements - School

- For large purchases or purchases with possible future liability, PTAs should grant funds through the district's education foundation.
- For other monies budgeted for the school, the PTA should utilize an internal Financial Grant Agreement (page 117).
 - Grants may be paid through direct payment to a vendor on behalf of the school or reimbursement of expenses paid by the school.
 - Granted money may also be issued to the school; however, the school MUST provide receipts to reconcile and close the grant.



Grant Agreements - PTA Issues Funds to School

- Financial Grant Agreement process:
 - The PTA grants a monetary amount to the school.
 - The grant is given for a specific purpose and can only be used for that purpose.
 - The school must provide receipts and an accounting of how the funds were spent.
 - Any unused funds must be returned to the PTA.



Grant Agreements - Teacher

- PTAs may also award grants to teachers.
- The Teacher Grant Agreement may be found on page 119.
- A clear application process must be followed, it is not acceptable to just give every teacher a stipend.
- The process is similar to the School Grant process - the PTA may pay a vendor directly, reimburse the teacher, or provide upfront funds that require receipts and reconciliation at the close of the grant.



PTA Funds - Remember...

- There is no exact list of what PTA can, should, or must pay for.
- PTA funds should always be used to further PTA's Mission and Purpose of EVERY CHILD.
- PTAs should fund PTA programs and be careful not to become the slush fund of the school.
- A PTA does NOT raise money to be diverted into other channels, such as providing support to other organizations or individuals, no matter how worthy.
- PTAs cannot set up Go Fund Me campaigns for those in need. This is against the mission of PTA.



Budget Issues - Amendments

- Budgets are approved at the beginning of the year by a majority vote of the general membership, where at least a quorum is in attendance. (Quorum amount can be found in Article IX, Section 8 of the local bylaws).
- Because a budget is only an estimate, it is likely that changes will be necessary during the year.
- A substantial change (10% or more) to the budget must be approved by two-thirds vote of a quorum of the general membership.
- Only substantial changes in expense categories require an amendment.



Budget Issues - Carryover

- Emergency reserve funds are considered an integral part of each PTA's planning and budgeting process.
- Maintaining a small savings account for a carryover balance allows for the efficient management of funds.
- There is no IRS regulation or other federal law that specifies a carryover limit.
- National PTA suggests that the reserve fund be at least one-half of a PTA's annual budget (expenses) for an average year. Utah PTA recommends up to/no more than one full year.



Budget Issues - Carryover

- If a PTA finds itself with a very large carryover it should consider conducting limited or no fundraising in the following year.
- The PTA should never write a check to the school or anyone else for unbudgeted items to “clean out” the PTA account.
- Also, PTAs without a sufficient carryover reserve should work to build one over time.



Budget Issues - Carryover

- While not advisable by Utah PTA, Board Designated Funds may be used for larger projects over a longer period of time.
- This should be voted on by the general membership and should be notated in meeting minutes.
- This designation is only effective when there is continuity in leadership as future leadership/general membership can decide whether to continue with long-term projects.



Sales Tax Issues

- Utah PTA holds the umbrella sales tax exemption account/number with the Utah State Tax Commission.
- For purchases over \$1,000 a local unit may request the exemption certificate from Utah PTA to exempt sales tax at the time of purchase.
- For purchases under \$1,000, local units should pay sales tax throughout the year and send in a refund request to Utah PTA.



Sales Tax Issues - Book Fairs

- Book Fair companies are “3rd party sales” companies.
- PTA must charge sales tax to customers.
- PTA remits all monies collected, including sales tax, on behalf of the book fair company.
- The book fair company pays the amounts of sales tax collected to the Utah State Tax Commission.
- PTAs can NOT request a refund of sales tax remitted on their year-end refund request, as these transactions are not exempt from sales tax.

***The school can use their tax exempt number to purchase books from the book fair company. This is the ONLY tax exempt transaction allowed.



Payment For Services - Issuing 1099s

- PTAs may be required to file a Form 1099-NEC or a Form 1099-MISC with the IRS if they pay \$600 or more during the CALENDAR year to any unincorporated business or person for services or a W-2G for prizes or awards.
- Local PTA units must not enter into an employer/employee relationship due to the many issues that encompass employment law and payroll tax filings.
- Under no circumstance, can a PTA assist with the wage or salary of a school district employee.



Volunteer Reimbursement Issues

- Volunteers may NOT be “reimbursed” for their time. This would negate their role as volunteer and turn them into an employee/contractor.
- Itemized receipts are required. A credit card charge slip with the total only or an Amazon email without item detail is not acceptable.
- Receipts are required for reimbursement. What happens if a receipt is lost? A one-time reimbursement can be allowed upon Executive Committee approval. A written report of what was purchased and a credit card/bank account statement provided to show the total charge. Do not calculate the sales tax paid and request reimbursement.



Volunteer Reimbursement Issues - Food Stamps Policy

- PTAs cannot reimburse anyone who has purchased PTA supplies with government-issued or non-personal funds like Food Stamps or SNAP Funds.
- All receipts should be reviewed for these payment methods: EBT-FS, Food Stamps, or EBT SNAP.
- Reimbursement of these purchases would be committing food stamp fraud.



Gift Card Issues

- Potential problems with gift card use include loss of accountability and turning volunteers into employees.
- Loss of accountability: The purchase of gift cards with the intention of giving them as prizes or awards lacks documentation and increases the risk of fraud.
- Turning volunteers into employees: Giving gift cards as a thank you for volunteer service can be deemed as wages by the IRS.



Gift Card Policy

Gift Card Policy helps to avoid issues:

- Confirmation of Receipt Form (page 116).
 - Used for the disbursement of gift cards.
 - All recipients must sign for the receipt of the gift card.
 - The sign-out sheet should be attached to the check request form where the gift cards were purchased.
- Only give gift cards with a nominal value (\$25 or less) as a thank-you to volunteers.
- Be sure it cannot be linked to an amount per hour of service.



NO Venmo

Venmo or any other Peer to Peer payment platform (such as Zelle, Cash App, etc.) are NOT approved platforms for PTAs.

- These platforms do not provide proper reporting for businesses.
- While Venmo allows small businesses and non-profit organizations to use their platform (for a fee), it is still not approved by Utah PTA (and is not recommended by NPTA).
- 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.



eCommerce Policy

- Pre-funded spending cards allow a PTA/PTSA to provide board members with the option to pay for items directly from the PTA/PTSA.
- This alleviates the need for board members to personally pay for items upfront, then wait for a reimbursement check.
- Traditional debit and credit cards are still NOT allowed.
- MACU offers Express Debit Cards for free
- More information can be found on pages 43-44 of the Utah PTA Treasurers Handbook as well as at utahpta.org.
- A recorded eCommerce Policy training is available at utahpta.org under PTA University.



Questions?
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