

# Welcome to 2025 Leadership Convention

This session will begin soon



# BEYOND BASICS FOR TREASURERS

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# 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

- Nonprofit 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 nonprofit 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

- Nonprofit 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 26 of the Utah PTA Treasurer 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 through tax assessment?
  - Is it something that the district provides? (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 65-67):
  - 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 (page 63):

- 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 more and for any amount upon request.
- Samples of acknowledgement letters may be found on pages 128 and 129 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.
- Due to the inability to separate funds before depositing to the PTA bank account, joint fundraisers between the PTA and the school (or any other organization) is not allowed.



# 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.
  - It is best to have all donations made directly to the Education Foundation.



# 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 131).
  - 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 using the Teacher Grant Agreement (page 133).
- A clear application process must be followed, it is not acceptable to just give every teacher a stipend.
- Teacher grants must not be used for supplies the district provides.
- 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 the cause.
- PTAs cannot set up Go Fund Me campaigns for those in need. This is against the mission of 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 - not even as a one-time courtesy.
- 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 could be deemed as wages by the IRS.



# Gift Card Policy

## The Utah PTA Gift Card Policy helps to avoid issues:

- Confirmation of Receipt Form (page 115).
  - 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 an annual thank-you to volunteers or as gifts to teachers.
- 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 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.



# eCommerce Policy

- Pre-funded spending cards allow a PTA to provide board members with the option to pay for items directly from the PTA.
- 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, other platforms charge a fee.
- More information can be found on pages 42-43 of the Utah PTA Treasurer Handbook as well as at [utahpta.org](http://utahpta.org).
- A recorded eCommerce Policy training is available at [utahpta.org](http://utahpta.org) under PTA University.



**Questions?**  
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FACEBOOK

- Utah PTA
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- Utah PTA Super Secondary
- Utah PTA Excellent Elementary
- Utah PTA Treasurers
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