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Treasurer Questions & Answers

Question: When does the new treasurer take over the books?

Answer: According to “Texas PTA Local PTA/PTSA Bylaws Template,” Article VIII: Officers and Their Election, *Section 2(d) states: “Officers shall assume their official duties following the close of the school year and shall serve a term of one year.” Procedure books and materials must be given to newly elected officers no later than 15 days after they assume their duties. However, it is recommended that an outgoing treasurer complete the books upon the close of the fiscal year, secure the signature of the president, file the appropriate Form 990, and then turn the books over to the Financial Reconciliation Committee for review. Treasurers receive books directly from the Financial Reconciliation Committee upon completion of the financial reconciliation. Upon turning the books over to the financial reconciliation committee, incoming and outgoing officers go to the bank and change the signature card. Once the books are in the Financial Reconciliation Committee’s possession, the outgoing officers no longer sign checks or conduct any transactions.

Question: Can I pay sales tax when we purchase our merchandise for sale so I don’t have to collect it when we sell it?

Answer: No, sales tax must be collected from the end user (customer) on the retail price, not the wholesale price.

Question: Can we have a fundraiser to raise money for a student who needs an operation?

Answer: 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 Needs Relief Fund. PTA’s are encouraged to donate to this fund, but contributions may not be earmarked for a specific individual. Refer to the Forms section of the Treasurer’s Guide.

Question: Do I have to pay sales tax on prizes purchased as giveaways at a carnival?

Answer: No, items purchased for PTA use are exempt from sales tax. As these items are not sold, neither would sales tax be collected.

Question: If we make no profit on our school supplies, do we have to collect and pay sales tax?

Answer: Yes, profit is not a factor in determining what items you must collect sales tax on.

Question: How much money can we carry over to next year?

Answer: There is no established minimum or maximum amount. It will vary from PTA to PTA based upon when each holds its fundraisers. If you have no fundraiser until spring, you will need to carry over more than if you're major fundraisers is in the early fall. However, a PTA should not raise more funds than is necessary to carry out its tax-exempt function.

Question: A local business wants to make a contribution to our PTA but needs proof of our tax-exempt status. What do I give them?

Answer: Give them a copy of our IRS determination letter. The letter is provided in the Forms section of the Treasurer's Guide.

Question: Can our PTA give door prizes?

Answer: Yes, as long as the item is nominal in value and money is not collected in order to be eligible. Texas PTA legal representation has defined nominal as not more than fifteen dollars (15.00) in value.

Question: Can our PTA be a paying member of our local Chamber of Commerce?

Answer: Yes, as long as the PTA membership has approved the membership and its associated expenditure. This expenditure is included in the budget.

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

Answer: PTA may elect to pay for workshop fees or reimburse for continuing education through a faculty scholarship process. Similarly to student scholarships, criteria must be established and published either in the PTA's standing rules or in a policy voted on by the membership. A committee would be appointed to select the recipients. The scholarship would allow them to take a class or attend a workshop that furthers their education. Travel expenses (mileage, airfare, hotel fees and meals) are not included.

Professional speakers can be compensated for their services. If the professional speaker is paid more than six hundred dollars (600.00), then a Form 1099-MISC is provided to them by January 31 of the following year. School district employees are not allowed to be compensated for speaking engagements by the PTA but a token donation to another 501 (c) (3) is permissible. For example, if the school district employee is a member of another 501 (c) (3), a donation to their organization would be acceptable as long as it has a common purpose with PTA. If the school district employee is not a part of another like-minded non-profit, a donation to the school library for a purchase of a book would be a great use of the funds. This same policy would apply to PTA volunteers.

A letter to the individual who spoke along with where the money went is a great way to let them know how much the PTA appreciates their time and efforts. This money could come out of the "Programs and Parent Education" budgetary line item. PTAs may fund employee positions, under certain restrictions. The school district would have to be willing to accept the donation, and it is

imperative the PTA understand they are funding a position, not a person. The PTA cannot participate in the selection of the employee or any other part of the employment process. The PTA also cannot guarantee funding for future school years, as these decisions are made annually by the membership of the PTA.

- PTAs do not donate towards teacher payroll;
- PTAs do not donate towards paying taxes;
- PTAs do not donate towards association fees for other organizations; and
- PTAs do not donate toward paying rental expenses of the school building.

If a school district is experiencing financial troubles, PTAs do not give money to them for the maintenance and operations (M and O) portion of the budget. In addition, in Article IV: Basic Policies of the PTA's local bylaws, it states "that the legal responsibility to make decisions has been delegated by the people to the boards of education, state education authorities and local education authorities." Taxes, rent and payroll are legal obligations of the school district; therefore PTAs do not involve themselves financially in these areas.

Question: Can PTAs pay for furniture or consumables for the school?

Answer: The primary allocation of PTA funds must be in areas that reflect the PTA's mission, allow the PTA to carry out its work and benefit the students. Allocating money out of the budget for coffee service, or for new tables and chairs in the conference room isn't applicable to any of the above categories.

Question: Can PTAs have capital projects that benefit the school?

Answer: Unlike many other non-profits, PTAs do not have capital projects. Because we operate on a cash-based accounting method, we only look at the current year's activity when it comes to our income and expenditures.

If a PTA determines that they wish to contribute to a long term project (say donating towards the cost of a school marquee for example), they would (a) present this to the PTA membership for approval each year and (b) write a check to the school for their contribution along with completing the appropriate paperwork that specifies where this contribution will be applied and the timeframe in which the school can keep the donation.

This vote takes place after all fundraisers have been held; not before. PTAs do not escrow money for long term projects. The only two escrow accounts that PTAs have are the State/National Dues escrow and the Sales Tax escrow. These are escrow accounts because these funds are not the PTA's money; the PTA is just temporarily holding them until payment is remitted to the appropriate organization.

Question: Are PTAs permitted to hold a raffle where multiple prizes are awarded by drawing from multiple containers, or does this constitute more than one raffle?

Answer: 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.