2025-2026 TREASURER RESOURCE GUIDE

Texas PTA

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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
Integral to All Categories	
Communications	Listens actively and conveys information clearly, concisely, and accurately in both writing and speech
Adaptive	
Creativity	Sees and thinks of new ideas, alternatives, and ways to do things
Continuous Learning	Pursues the development of skills and knowledge
Forward-Thinking	
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
Interpersonal	
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
Intrapersonal	
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 strengths and weaknesses
Technical	
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

Local PTA

Standards of Continuing Affiliation

Each membership year, Local PTAs must meet <u>both</u> 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.

Local PTAs must comply with <u>all</u> 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.[1] (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.[2]
4. Review Local PTA bylaws (and standing rules, if applicable) every three years and submit to Texas PTA for approval.[3]
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".

<u>Local PTA Retention Plan</u> ***<u>(initiated when a Local PTA does not maintain Good Standing)</u>***

Notification: A PTA not in Good Standing by November 1 moves to the Notification Phase. Texas PTA notifies the PTA of the action(s) required to attain Good Standing. The PTA has until November 30 to meet all Good Standing Requirements and avoid moving into the Restriction Phase.

Restriction: A PTA not in Good Standing by December 1 moves to the Restriction Phase. While in the Restriction Phase, the PTA is not eligible for awards, programs, or grants administered by Texas PTA or National PTA. The PTA has until December 31 to meet all requirements and avoid moving into the Restructure Phase.

Restructure: A PTA not in Good Standing by January 1 moves to the Restructure Phase. Texas PTA may restructure the leadership or revoke the charter of the PTA. A PTA that signs an Action Plan may temporarily move to the Intervention Phase, giving them time to resolve any outstanding issues. The PTA in Intervention continues to be ineligible for awards, programs, and grants administered by Texas PTA and National PTA until Good Standing is attained.

Intervention: Once in the Intervention Phase, Texas PTA assigns a Support Team to assist the PTA. If all requirements of the Action Plan are not resolved by the agreed-upon date, the PTA will be moved back into Restructure.

Charter Withdrawal: A PTA remaining in Restructure or Intervention on July 31 is moved into the Charter Withdrawal Phase on August 1. If the PTA does not attain Good Standing by November 1, the PTA is terminated and the charter is revoked.

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.*

Fiduciary Duty

The Internal Revenue Service (IRS) (as included on Form 990) requires reporting by nonprofits on a range of governance issues that reach far beyond financial reporting, including executive board member “fiduciary duty.”

Fiduciary duty is a legal responsibility to act in the best interest of another person or entity. Fiduciary implies a level of trust that is necessary to represent our members.

Executive board members have three fundamental fiduciary duties:

- The **duty of care** means that an executive board member actively participates, attends executive board and membership meetings, is educated on the industry, provides strategic direction, and oversees the daily operations of the PTA.
- The **duty of loyalty** requires an executive board member to operate in the interest of the PTA and not to use their position to further a personal agenda.
- The **duty of obedience** requires an executive board member to know the state and federal laws and regulations that apply. This includes the regulations and guidance issued by the IRS and the Texas State Comptroller’s Office. Obedience to governing documents requires a deep understanding of the operating documents (bylaws, standing rules, policies, executive board resource guides, and required Texas PTA training). Finally, obedience requires that an executive board member not act outside the scope of the PTA’s legal documents.

Fiduciary duty in PTA means the executive board members act as trustees of the organization. This includes exercising due diligence to ensure the organization is well-managed and its financial situation remains sound.

Specific examples of how executive board members fulfill these duties are outlined in the PTA bylaws.

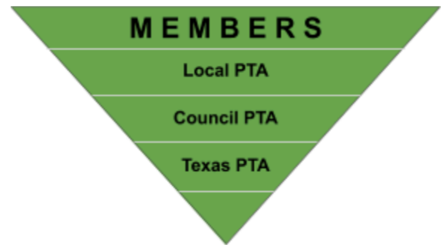
Essential Knowledge

The president serves as the presiding officer of the PTA and chairs the executive board and membership meetings. It is the president's responsibility to be well-prepared. The president ensures each officer and committee chair has the materials they need to do their work and is the link to the principal.

The president directs the PTA's affairs in cooperation with the other executive board members for a term of one year. The term begins at the start of and ends at the close of the fiscal year, as specified in the bylaws. Participation and cooperation secured by officers, committee chairs, and members will determine the PTA's success.

Structure of PTA

The PTA and its members are a part of Texas PTA and National PTA. This chart shows the relationship between the various levels of PTA.



Membership

Members are the backbone of our association. Membership does not consist of mere numbers. We must look beyond the numbers and strive to build a knowledgeable team of individuals working for all children. A membership engaged in the school and community will build the foundation for its children and future generations.

A membership that reaches beyond the parents and teachers and looks out into the community will open its doors to many opportunities. By extending membership, our voice is stronger, so policymakers on all levels hear a strong, unified voice for all children.

Member Information

Texas PTA is a membership association, and members can expect their information to be confidential. According to the Local and Council PTA bylaws, member lists will not be released to outside interests.

Members can also expect the information about their children to be protected. While many PTAs publish membership directories with classroom lists and student names, those directories must include information only with the parent's permission. Consult your school district policies and procedures for the release of student information. Copies of the directory should not be released to outside parties, such as vendors who may want to use the directory for commercial purposes. Protecting the rights of members is crucial.

Programs

Planning and promoting PTA programs and events is a primary responsibility of the PTA. Our programs and events are often avenues to achieve our goals as child advocates and supporters of public education. PTA programs educate the members and draw them into a community of support for the children and families served by the PTA. Programs today are creative and meaningful. PTA leaders acknowledge the heavy demands of family schedules and plan programs that invite full family participation. PTA is unique in that it offers a way for families of differing religions, cultures, economic groups, and political interests to unite in support of one common issue – the health and welfare of children. No other organization exists to serve this function so wholly.

PTA programs should inform the membership of issues, educate parents, and provide a sense of community that unites families beyond their children's school involvement. Family engagement results in higher student achievement and closer family-school ties.

Advocacy

Texas PTA is a member-based association that advocates. PTA supports legislation that will raise the quality of opportunities for all children, regardless of race, creed, or religion.

Local Support of State and National Legislation

A PTA may actively support any items on the adopted legislative program. It should not, however, in the name of PTA, oppose items that National PTA or Texas PTA has adopted.

State Legislative Action
Texas PTA works to further only such legislation supported by Texas and National PTA positions and resolutions as approved by our members or otherwise designated as priorities by the Texas PTA Board of Directors, utilizing grassroots feedback.

Local Issues
A PTA can and often should take local action if its members approve. As an association, it may act on local issues if they affect children's and youth's education, health, or welfare. In such issues, the following policies should be observed.

Policies

- ***Nonpartisan***
  PTA takes a stand on issues and principles—not on candidates or political parties. Issues may become identified with partisan politics because of differing approaches to solutions. Still, the basic principles involving the welfare of children and youth are matters of public concern and, therefore, PTA business. Nonpartisan activities include encouraging voter participation and educating voters, conducting or promoting voter registration, and educating candidates on issues.
- ***Nonsectarian***
  PTA welcomes people into membership who represent a diversity of cultures, ethnic backgrounds, and political and religious beliefs. Membership in PTA is open, without discrimination, to anyone who believes in and supports the mission and purposes of National PTA.
- ***Noncommercial***
  The name "PTA" (a registered service mark) or the names of its officers shall not be used in conjunction with the commercial activities of other organizations, including, but not limited to, the promotion of their goods and services. This policy should be applied with judgment, discretion, and common sense, recognizing that it is not meant to prohibit all contact or cooperation with such groups. Before accepting donations of goods or services, a PTA association, at any level, should consider whether such acceptance might be construed as an endorsement of the provider.

School Board Elections
Leadership on local boards of education is of vital interest to all PTA members. To help the community ascertain the qualifications of the candidates for the school board, a Local or Council PTA may participate in, initiate, or sponsor a public meeting for this purpose. Invite all community groups to send representatives to the meeting so that each candidate's qualifications may be thoroughly discussed and widely publicized. All candidates must be asked to speak to avoid even the appearance of partisanship or discrimination.

Nonprofit Status
PTAs fall under the Internal Revenue Code classification of tax-exempt 501(c)(3) nonprofits. Texas PTA has developed procedures and provided detailed information to protect PTAs from violating the restrictions that apply to the 501(c)(3) classification. Review the Basics Treasurer Resource Guide for more information on the rights and responsibilities of being a 501(c)(3) organization.

Field Service Representatives
The Texas PTA President appoints field service representatives (FSRs) as an outreach of Texas PTA. Each PTA has an assigned FSR to offer support and receive feedback for Texas PTA. PTAs, particularly those not members of a Council PTA, should contact their FSR to establish a relationship.

Council PTAs
A Council PTA is a group of PTAs within a stipulated boundary, organized under the authority of Texas PTA. If you are in a Council, your Council PTA is your first point of contact for any guidance or assistance you may need throughout your term.

Council PTAs provide information, inspiration, support, guidance, and instruction to its member PTAs. It strengthens PTAs, develops leaders, promotes PTA membership, and advances Texas PTA's goals, programs, and initiatives.

Council PTAs should be mindful that they work with and do not conflict with their Local PTAs.

Council PTAs shall not

- legislate for the Local PTAs, including setting rules for Local PTAs or taking action involving Local PTAs without their consent;
- duplicate the work of Local PTAs, nor compete with them;
- pay dues to the Texas or National PTAs but may pay dues to Texas PTA on behalf of Local PTAs;
- compel Local PTAs to enter into Council PTA projects;
- assess Local PTAs for funds without their consent or
- change Council PTA dues or amend Council PTA bylaws without an affirmative vote of the delegates.

Communications for Exec Board Members

The executive board plays a role in communicating the PTA story. Who we are—as demonstrated in our vision, mission, purposes, and values—and what we do—as evidenced through our history, efforts, and accomplishments—is the story only we can tell.

Everyone must be prepared to share this quickly and concisely when speaking with various existing and potential stakeholders. An elevator speech is a great tool to share with the rest of your executive board.

Elevator Speech

From Wikipedia: "An elevator pitch, elevator speech, or elevator statement is a short description of an idea, product, or company that explains the concept so that any listener can understand it quickly. This description typically explains who the thing is for, what it does, why it is needed, and how it will get done." You must be ready to share your elevator speech in various ways, depending on the situation and your audience.

Sample of a Generic Elevator Speech for PTA

PTA is a grassroots organization of parents, teachers, students, and others nationwide interested in children, families, and schools with three primary objectives: parent involvement, parent education, and advocacy. In Texas, PTA membership is as diverse as Texas itself in cultures, education levels, and parenting skills. When you join PTA, you become part of the largest child advocacy organization in the state and the nation as a member at the local, state, and national levels.

General Communications

- Remember that PTA is noncommercial, nonsectarian, and nonpartisan.
- Use multiple forms of communication to reach the entire community.
- Survey your members about what information they would like to receive and how and when they would like to receive it. Do not assume you know how your members would like to receive information.
- Use various communication methods and offer options in case some of your members do not have access to technology.
- Be aware of cultural and language differences. Know who your members are, and provide information and resources in appropriate languages. Whenever possible, use a delivery platform that enables translation.
- Be aware of privacy and other issues if the members want a website or social media account. Check the Texas PTA Sample Media Policy for guidance.
- Be respectful of your members' time and attention. Don't inundate your members with too much communication. Coordinate your communications and combine them whenever possible.
- Pay attention to the details. Check the spelling and grammar. Confirm that the information is correct and the message is appropriate and clear. Refer to the National PTA Style Guide.

Personal Communications

- Show respect.
- Be positive.
- Collaborate and problem-solve.
- Delay the response to a difficult question or person until you carefully consider the wording. Never respond when your emotions are high.
- Postpone a discussion if it becomes too difficult.
- Be inclusive. Be comprehensive, consider all perspectives, and ensure that no one is left out or overlooked.
- Model sensitivity to all.
- Think twice before clicking Reply All, but copy the appropriate people.

Website

- Make sure you are representing the PTA brand correctly. Refer to the National PTA Visual Identity Standards for guidance.
- Be inclusive. Use images and settings that show diversity, inclusion, and outreach.
- Be user-friendly. Your site should be well organized and provide easy access to important information.
- Be timely and up-to-date. Remove or archive dated information quickly.

- Link to resources from Texas and National PTA. Programs, guides, and more can be hyperlinked to give your audience easy access to important news and information.

Social Media

Social media platforms and blog sites allow the PTA to connect to members and potential members in a very interactive way.

- Share information, photos, and videos that can help increase membership, communicate with current and potential members, fundraise, generate positive exposure, receive feedback, and network.
- Share information from Texas and National PTA. Remind your members that their dues make them members of the local, state, and national levels of PTA.
- Teach, remind, and recognize your members and leaders. Celebrate your successes and the positive outcomes of your efforts.
- Monitor your sites constantly. Assign administrators and train them to quickly address any inappropriate messages or misuse of the PTA brand. Be sure to have your site's protocols posted prominently and deal with potential problems with respect and equity.
- Attribute appropriately. Remember to provide a link to the original content and use the author's name and/or organization whenever possible.
- Be professional and respectful. Agree to disagree, but do not attack anyone personally.
- Be consistent across platforms and with PTA brand guidelines. Adopt a social media policy and follow it. A sample policy is available on the policies web page. Refer to the Texas PTA Sample Social Media Policy.
- Respect the privacy of children and families. Do not post photos of or tag anyone without their written permission.

Media

Using print and electronic media to share your PTA's successes attracts positive attention from members, donors, and sponsors. You can control the message when you contact the media. However, when the media contacts you, it is usually for a reason that may be negative. Be sure to have specific protocols in place.

- Designate an official spokesperson for your PTA in your standing rules. Reference your bylaws for particular required protocols; however, this is usually the PTA president or their designee.
- Know your school district's media policies and follow them.
- Always notify your principal, executive board members, and school district that the media has contacted you.
- When contacted by email, ask why they are contacting you and when their deadline is. Do not reply until you have thoroughly prepared for the interview.
- When contacted by telephone, explain that you cannot speak with them then, and ask why they are contacting you and when their deadline is. Do not respond to any questions until you have thoroughly prepared for the interview.
- Remember that you cannot respond on behalf of the PTA unless the members have permitted you to speak on a specific topic on their behalf. Even if you decide to speak as an individual, you will probably be introduced and associated with your PTA position.
- Whenever possible, rely on positions and resolutions adopted by Texas and National PTA.
- Remember that anything you say can be used in whole or, more frequently, in part. Preparation is key.
- When in doubt, contact Texas PTA for assistance.

Getting Started

Congratulations! As a newly elected or appointed executive board member, getting started as quickly as possible after your election or appointment is essential to set yourself up for success.

- Register as a PTA leader with Texas PTA by clicking on the "PTA Executive Board Member? Register Here." orange button near the top of the Texas PTA website or by clicking here.
- Complete required FOUNDATIONS Training. Each executive board member must complete training annually within 30 days of their election or appointment. Refer to this guide's Training and Learning Resources section to learn which pieces are necessary for you as you begin the new term.
- Meet with your predecessor to complete a transition meeting. This is a great time to get all the materials they used during their last term in the form of an official procedure book, through access to a file storage service, or on a USB drive. The transition meeting is a great time to get many of your questions answered - big and small!
- Obtain your PTA's current bylaws and standing rules. If you didn't receive a copy from your predecessor, request one using the Bylaw Request form found on the Bylaws web page and thoroughly review them. Specific details about your position and the duties you take on as an executive board member are outlined in these governing documents.
- Create a plan of work or POW to be approved by the executive board regardless of whether your work directly impacts the budget through income or expense lines. Typically, you will be asked to do this during the summer. POWs are used to recommend amendments to the budget passed at the annual meeting. No matter when you join the executive board, be sure to ask for the current plan of work and update it as needed. Example plans of work are available in all resource guides and on the appropriate PTA leader web pages.
- Join your PTA! According to the bylaws, all executive board members must become members of the PTA for which they are serving within 30 days of the start of the membership year in which they were elected or appointed or if they are elected or appointed after the start of the membership year, within 30 days of the election or appointment.
- Update your calendar with all membership and executive board meeting dates. These dates should be determined at the first executive board meeting of the year. Your presence is important and necessary for the executive board's business to be completed.
- Ensure a successful start to the PTA year by having the executive board conduct an annual review of the Records Retention Policy, sign the Confidentiality, Ethics, and Conflict of Interest agreement, establish a membership-approved budget for the PTA, and verify the completion of the Financial Reconciliation.
- Check the Local PTA Roster to confirm your PTA is in good standing based on the Texas PTA Standards of Continuing Affiliation. If not, determine what needs to be completed and ensure the issues are resolved.

Keeping Records

Compiling and maintaining a complete record of your activities can help 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 properly store the records and maintain regulatory compliance.

In addition to maintaining regulatory compliance, it is essential to gather information that can quickly provide someone with direction on how to do their role when their predecessor isn't available. Answer the question, if they didn't know anything about this job, could they do it with this information? It is vital to organize a procedure book that can be passed on to each new person as they move into a PTA leadership position. This book could simply be a loose-leaf binder or cloud-based storage. No matter what tool is used, the important part is consistency in its maintenance, passage, and content.

Suggested Content for Procedure Book

- Executive board roster with contact information
- Texas PTA Field Service representative contact information and Council representative for your position contact information, if applicable
- Texas PTA Board of Directors and Texas PTA Staff contact information
- Current date-stamped set of PTA's bylaws *(local, state, and national)* and standing rules, if applicable
- Specific position-related documents, including role description and responsibilities, a copy of the records retention policy, and the confidentiality, ethics, and conflict of interest agreement
- Calendar of PTA and school events
- Agendas, minutes, and reports from executive board, membership, and committee meetings
- Plans of Work
- Adopted goals
- Financials *(approved and amended budgets and financial reports)* from executive board and membership meetings
- Copies or scans of deposit forms, reimbursement forms, and sales tax exemption forms for purchases made in conjunction with your role
- Volunteer list
- Basics Resource Guide and Quick Start guide for your role, if applicable
- Other resources such as award applications, marketing materials, newsletter articles, and program evaluations.
- Additional training records/handouts

General Duties, Responsibilities, and Effective Strategies

- When working with the outgoing treasurer to review your responsibilities, familiarize yourself 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? If filing quarterly or annually, will you need to remit sales tax from the prior year?
  - Which IRS Form 990 does the PTA file and has it been filed for this year?
  - Are there any outstanding or recurring bills?
  - What financial tracking system does our PTA use?
- 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.
- Upon the outgoing treasurer turning over the books to the financial reconciliation committee, the incoming treasurer should coordinate the addition and removal of the authorized signers on the bank account and any other PTA accounts. This could involve the need for an outgoing signer to go to the bank with the new signers. Contact the bank to verify the documents and individuals needed to change signatures.
- Ensure you have access to all bank and e-commerce accounts.
- The incoming treasurer should receive the books directly from the financial reconciliation committee upon completion of their work.
- Become familiar with the adopted budget and work with other executive board members to determine any needed amendments for the new year.
- Guide incoming executive board members on effective financial strategies for the PTA.
- Ensure the PTA President has appointed a non-signer to review all PTA accounts monthly.

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 the Texas PTA's policies.
- Ensure a budget, approved by the membership, is in place at all times.
- Ensure all cash funds are counted by at least two 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 (i.e. receipts or invoices) accompany each transaction.
- Coordinate with the membership chair to report members/dues to Texas PTA at least monthly.
- Keep an accurate and detailed account of all monies received and disbursed. Ensure that sales tax and state/national dues are recorded in a liability account.
- Prepare and present a financial report (dated from the last meeting to the current meeting) at all regular membership and executive board meetings.
- Reconcile bank, e-commerce, credit card or merchant account statements to PTA records monthly, as soon as received.
- Review the budget for any necessary amendments and present proposed amendments at the next membership meeting for approval.
- 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 within 10 days of fiscal year end for the annual financial reconciliation.
- Maintain records in compliance with the PTA's Records Retention Policy.

Example Plan of Work
Ejemplo Plan de Trabajo

Executive Board Member Name: (Nombre del Miembro de la Mesa Directiva)			
Position: (Posición)	Treasurer	**Year: (Año)**	

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

Responsibilities / Duties: (Responsabilidades/ Obligaciones)	Make disbursements that have proper documentation per the adopted budget, 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. *[Other responsibilities could include filing other IRS forms and/or the state sales tax return (see IRS and State Sales Tax section of this guide)]*	**Committee Members: (Miembros del Comité)**	[List budget and finance committee members here]
Goal: (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.	**Evaluation Process: (Proceso de Evaluación)**	End of year review by Financial Reconciliation Committee

Specific Action Steps (Pasos de Acción Específico)	**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 at all regular membership and executive board meetings. Amend budget, as needed, and present amendments to membership for approval.	Ongoing		
Maintain and update financial records (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 fiscal year-end		*No later than 60+FYE date*	990N: Free 990EZ or 990: varies depending on if a CPA is hired
[If the PTA has a Sales Tax Permit, add the following:] File State Sales Tax Return as required by the Comptroller's office		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 at the PTA's fiscal year-end or as required for changes in account signers or requested by the PTA president or three members		Year-End Requirement: [add month after fiscal year-end]	

Resources: (Recursos)	Council treasurer and local PTA executive board, Texas PTA Field Service Representative, Texas PTA Treasurer Resource Guide and website, Treasurers Basics Training, Texas PTA Fundraising Resource Guide and website, Fundraising Online Training, Records Retention Policy, National PTA website (e-learning)

PTA Budgets

It is essential to have an adopted 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 annual 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. Your PTA's fiscal year can be found in the PTA's bylaws. As a nonprofit organization, the PTA is obligated to use all but an insubstantial portion of its funds for programs and services that support one of the six PTA purposes. Specifically, the IRS states "A 501(c)(3) organization's activities should be directed toward some exempt purpose. Its activities should not serve the private interests, or private benefit, of any individual or organization more than insubstantially." Insubstantially is not further defined by a dollar amount or percentage by the IRS, so PTAs should be cautious of spending funds not related to the mission and purposes of PTA. 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, sponsorships, 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.

Many PTAs ask how much money they can/should carryover for the following year. There is no established minimum or maximum amount established by the IRS or Texas PTA. The amount to carryover to next year 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 purpose.

Some PTAs include a minimum amount to be carried over to the next year in the PTA's standing rules. As treasurer, you should check the PTA's standing rules for any required minimum when developing the budget and as the budget is amended throughout the year.

Adopting the Budget

After the budget has been developed, it is usually presented by the treasurer to the PTA executive board for consideration and must be presented 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. A majority vote of the members present and voting is required for adoption. The adoption of the budget must be recorded in the minutes of the membership meeting.

Amending the Budget

The adopted budget serves as the financial guide for the fiscal year. The initial adopted budget is only an estimate of the planned income and expenses for the year, so amendments are usually necessary during the year. Amendments require a two-thirds vote of those present and voting by the membership for approval.

At the first membership meeting of the new year, the treasurer presents amendments to the budget to reflect any changes to planned income or expenses that have been submitted via plans of work that have been approved by the executive board since the budget was first adopted. At a minimum, an adjustment to the estimated beginning balance will likely be necessary to reflect the actual beginning balance which will result in an amendment to an income or expense line item or an adjustment to the cash balance forward.

Any 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.

Amendments to the budget can be presented on the financial report, an example of which is in this guide. Budget amendments must be presented at a membership meeting.

Example Budget

Terrific PTA
20__-20__Proposed Budget

		Budget
Cash Balance Forward		$3,000.00
Receipts		
	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	2,500.00
Total Receipts		$16,125.00
Expenses		
	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	300.00
	Parent Education	500.00
	PTA Administration	150.00
	Reflections Awards	300.00
	Scholarships	500.00
	Student Programs	2,000.00
	Teacher Appreciation	900.00
	Website	125.00
Total Expenses		$16,375.00
Cash Balance Forward		$2,750.00

** This is an example 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 the PTA's standing rules require two counters prior to receipt by the treasurer.
- All money should be deposited in the bank on a daily basis. Never deposit money in a personal account or leave the money in someone's home. Cash should never be taken from an event's collected money to use to pay expenses, reimburse individuals, or use as start-up cash for a later event.
- 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, or
  - at any time deemed necessary by the president or three or more members, as documented by written request or in meeting minutes.
- If a member of the PTA suspects theft, fraud, or embezzlement has occurred, the PTA must follow the Texas PTA Theft, Fraud, and Embezzlement Policy.

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.
- Texas PTA recommends the adoption of standing rules or a policy that details the procedures for handling insufficient funds checks. If a separate policy, it must be reviewed and adopted annually by the membership.
- Please see the Spending Money section of this guide for specific procedures regarding check writing.

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 determines 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 payment collection system 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 paper statement. The reviewer should complete the Statement Review by Non-Signer. Paper copies of the bank statement and Statement Review by Non-signer form are not required and can be retained digitally.

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 files the original with the executive board meeting minutes.

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 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 on the Treasurer web page. 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. Securely destroy any paper documents that are scanned for retention. 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.

E-Commerce Policy
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 for detailed information regarding the policy requirements.

Please find the Texas PTA Payment Collection System Comparison for your use. The presence of any link or reference to a third-party website, product, or service on this comparison does not imply an endorsement or recommendation by Texas PTA.

Example Deposit Form

Deposit #___________________

________________ PTA
Deposit Form/Formulario de Depósito
(To be used when giving funds to Treasurer/Para uso cuando se dan fondos al Tesorero)

Event/Evento ______________________________ Date/Fecha ______________

Person completing form/
Persona llenando el formulario ______________________ Phone No/
Núm. Del tel. ______________

Please make sure that there are always 2 people counting money to protect the reliability of the count.
Asegúrese de que siempre hay 2 personas que cuenten el dinero para proteger la rescisión del conteo.

Bills/ Billetes	**#**	**Amount/ Cantidad**
$100		
$50		
$20		
$10		
$5		
$2		
$1		
$.50		
$.25		
$.10		
$.05		
$.01		
Total		

Check #/ # del Cheque	**Name/ Nombre**	**Amount/ Cantidad**
	Total	

Total Checks/Total de Cheques	**$**
Total Cash/Total de Dinero	**$**
Total Deposit/Total de Depósito	**$**

Membership $ Total/Total de Membresías	**$**
$ to Local PTA/$ a PTA local	$
$ to State/National/$ a Estado y Nacional	$
Total # of Members/# total de miembros	
# of Reg Members/# de miembros regulares	
# of Life Members/# de miembros vitalicios	

Deposit Budget Category(s) & Amount(s) línea de presupuesto de Depósito & Amount y Cantidad(es)	
	$
	$
	$
	$
	$
	$

Counter's Signature/Firma de Contador ______________________ Date/Fecha ____________________

Counter's Signature/Firma de Contador ______________________ Date/Fecha____________________

Treasurer's Signature/Firma de Depositante______________________ Date/Fecha____________________

Counters should retain either a copy or a photo of this form.
Los contadores deben mantener una copia o una foto de esta forma.

For Treasurer's Use Only/Para uso exclusivo del Tesorero:		*Staple or electronically append supporting documentation.* *Engrapar o agregar electrónicamente documentación de apoyo.*
Entered in computer/Ingresado en la computadora		
Cleared bank/Una vez el cheque haya sido cobrado		

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 the PTA Insurance web page.

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 you if you accidentally misuse or disclose information 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)

- Standard bond limits are $10,000, $25,000 and $50,000 (higher amounts up to $250,000 are available)
- Usually based on annual income
- $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, or volunteers.

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 mission and purposes of the PTA. A PTA does not raise money for other organizations or individuals, no matter how worthy the cause.

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 should sign any PTA contracts and only after executive board approval. The president signs their name and 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 including dates held and tax-free day designations. If the PTA has a sales tax permit, a separate report of the fundraising events since the last sales tax return was filed should be prepared that includes dates held, tax-free day designations, total sales, taxable sales, and sales tax collected to be used by the incoming treasurer.

Many fundraising options have requirements established by a third party that must be followed in order to receive funds or host an event. These options include grants, auctions, bingo, raffles, and movie nights. More details on these types of fundraisers can be found in the Fundraising Resource Guide under the Projects/Events/Programs section.

Donations

Before donating to the PTA, an individual or business may request proof of tax-exempt status. You can provide them 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 leaderengagement@txpta.org and including your contact information, your PTA name, city, and PTA ID number.

Some donors may wish to make their check payable to "PTA Texas Congress" due to that being the legal name of the PTA. 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.

Certain donations require acknowledgement by the PTA. Details regarding these requirements can be found in the Donation section of the Fundraising Resource Guide.

In-Kind Donations

PTAs often receive donations of goods or services from businesses who want to support the PTA. This can be in the form of gift cards or actual products or services. When this occurs, the PTA is receiving a donation in-kind versus a monetary donation. Since PTAs are on a cash basis, when the donation occurs the PTA should record the in-kind donation as income and expense on the financial report- even if the gift card has not been used. The IRS requires that in-kind donations be included in gross receipts for the 990. Tracking in-kind donations also helps the PTA know the total free goods or services the PTA has received in a year to prepare the following year's budget. This is especially important if it is known that a certain business won't be able to give a gift in-kind the following year and thus the PTA will need to budget and pay for the item the following year.

Certain in-kind donations require acknowledgement by the PTA. Details regarding these requirements can be found in the Donation section of 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.
- 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

- The PTA membership must authorize the expenditure of all funds by adopting and amending the budget throughout the year. Each executive board member and standing 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 treasurer should confirm that the budget line has enough remaining money to pay the expense, 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 also requires 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 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 for detailed information on debit/credit card requirements.

Donations to Individuals or Families

Funds cannot be raised through the PTA for an individual or family, no matter how worthy the cause. The IRS is very clear that a public charity may not give funds to individuals or families unless that is what the charity was organized to do. PTAs are not organized for that purpose, so PTAs may not give money (including gift cards) to individuals or families in the school community, regardless of need.

While your PTA can't directly collect funds or give donations to an individual or family, there are some things your PTA can do to assist:

- The PTA may get the word out about any and all benefits/fundraisers being held for individuals or families in need or about local charities who are assisting those in need. That includes letting everyone in your community know about GoFundMe campaigns, etc.
- The PTA may also help with a fundraiser by advertising it and encouraging volunteers, but it cannot be an official PTA activity, and all money must go directly to the organization holding the fundraiser. Checks cannot be made out to PTA, and no deposits may be made to the PTA account on behalf of another organization or family in need.
- The PTA may sponsor a food/diaper/necessities drive or solicit donations of those items to be given to a local food bank, etc.
- The PTA may donate to other community organizations supporting individuals and families in need if they are a 501(c)3, share a common purpose with PTA and membership approves the donation.

PTA members are also encouraged to apply to the Texas PTA Emergency Relief Fund. PTAs are encouraged to donate to this fund, but contributions may not be earmarked for a specific individual.

Donations to other Nonprofits
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 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.

PTA policy concerning non-partisan (not affiliated with a political party), non-sectarian (not related to a specific religion), and non-commercial (not intended to make a profit) activity must be followed.

Capital Projects
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.

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 the Treasurer web page. 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.

- 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.

School Employee Expenses
PTAs may decide to pay for teacher or staff expenses that enhance the student's learning experiences and further the purposes of PTA. The budget must include a line item for teacher/staff support that has been approved at a membership meeting.

PTAs may also 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.

Most school districts have policies that prohibit their employees from receiving additional compensation for activities related to their job responsibilities, including speaking engagements for PTA events. However, a token donation to another 501(c)(3) may be 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.

School Employee Compensation
PTAs should not fund an ongoing permanent position of the school. While PTAs do not donate towards teacher payroll, 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.

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, but should provide a check to the school for them to purchase and install the playground equipment. Even with the school choosing the equipment to purchase and hiring the contractor to install the equipment, injuries resulting from the use of the playground equipment could result in liability for 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.

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.

Example Funds Request Form

Check # ________________

________________ PTA
Funds Request Form

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
		$
		$
		$
		$
		$
	TOTAL	**$**

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:	

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 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 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.

Reporting Membership Dues to Texas PTA

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, a mobile-friendly website where anyone can join a PTA using a credit or debit card. When a member joins through JoinPTA.org, they will be added to a PTA's myPTEZ account immediately. If your PTA is not currently on JoinPTA.org, visit the Join PTA web page to learn how to add your PTA and complete the ACH authorization agreement. Payment for the local portion of dues collected through 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 transactions for the previous month.

Financial Report

The bylaws require that the treasurer present a 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 bank 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 actual 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 balances 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 receipts 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;
- ending balance of the sales tax liability and state/national dues liability accounts; and
    - Note: in the myPTEZ financial software, this information can be obtained from a balance sheet as of the ending date of the report.
- ending balance

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.

Preliminary and Final Annual Financial Report
The treasurer presents a preliminary annual report to the membership at the annual meeting, the final membership 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 adopted budget, as amended alongside the year-to-date actuals.

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.

Requests from the District for PTA Financial Reports
School districts or schools may ask the PTA for financial information. In almost all cases, PTA financial information is only provided to PTA members. The first step in the process is to determine why the district/school is asking for the information. This might be as simple as the principal asking for the total given to teacher/staff support to share at an upcoming staff meeting which the PTA would be willing to share. Other times however, it may be more complicated like separate reports that the school district is wanting the PTA to complete regarding the details of financial information that the PTA may not easily have, especially if they complete a 990-N. These second 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 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, and
- 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. PTAs work in harmony with school personnel, but they are not part of any school.

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 or complete a separate form requested by the district. If your PTA receives a request for detailed financial information from your school district, please contact Texas PTA's treasurer at treasurer@txpta.org for additional guidance.

Example Financial Report with Proposed Budget Amendments

Terrific PTA

Membership Meeting

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

		Selected Period	Year to Date	Approved Budget	Proposed Amendments	Amended Budget
Cash Balance Forward		**$3,096.34**	**$2,900.00**	**$2,900.00**		**$2,900.00**
Receipts						
	Membership: Local Dues	858.00	1,100.00	1,375.00		1,375.00
	Donations	75.00	200.00	250.00		250.00
	In-Kind Donations	100.00	100.00	0.00	100.00	100.00
	Fundraiser: Fall Festival	0.00	0.00	4,000.00		4,000.00
	Fundraiser: School Supplies	0.00	8,100.00	8,000.00	100.00	8,100.00
	Fundraiser: T-Shirts	1,467.03	1,855.93	2,500.00	-400.00	2,100.00
Total Receipts		**2,500.03**	**11,355.93**	**16,125.00**	**-200.00**	**15,925.00**
Expenses						
	Bank Fees	12.00	15.55	70.00		70.00
	Clothes Closet Donation	100.00	100.00	100.00		100.00
	Council Dues	75.00	75.00	75.00		75.00
	Credit Card Fees	33.22	56.32	80.00		80.00
	Fundraiser: Fall Festival	106.32	106.32	1,000.00		1,000.00
	Fundraiser: School Supplies	0.00	5,986.52	6,000.00	-13.48	5,986.52
	Fundraiser: T-Shirts	1,278.00	1,678.00	1,800.00	-122.00	1,678.00
	Hospitality (PTA Meetings)	26.51	58.99	200.00		200.00
	In-Kind Expenses	100.00	100.00	0.00	100.00	100.00
	Insurance	0.00	400.00	400.00		400.00
	Leadership Training	0.00	1,069.88	1,200.00	-130.12	1,069.88
	Legislative Action (Rally Day)	0.00	0.00	400.00		400.00
	Life Membership	0.00	0.00	125.00		125.00
	Membership Promotion	26.51	52.33	150.00		150.00
	Newsletter	50.00	150.00	300.00		300.00
	Parent Education	0.00	36.00	500.00		500.00
	PTA Administration	16.78	55.69	150.00		150.00
	Reflections Awards	0.00	0.00	350.00		350.00
	Scholarships	500.00	500.00	500.00		500.00
	Student Programs	750.00	1,000.00	2,000.00	-200.00	1,800.00
	Teacher Appreciation	87.69	255.99	900.00		900.00
	Website	0.00	125.00	125.00		125.00
Total Expenses		**$3,162.03**	**$11,821.59**	**$16,425.00**	**-$365.60**	**$16,059.40**
Net Receipts		**-$662.00**	**-$465.66**	**-$300.00**	**$165.60**	**-$134.40**
Cash Balance Forward		**$2,434.34**	**$2,434.34**	**$2,600.00**	**$165.60**	**$2,765.60**
Change to Liability Acct: Sales Tax Payable		221.81	-174.19			
Change to Liability Acct: State & Natl Dues		-369.00	27.00			
Adjusted Cash Balance Forward		**$2,287.15**	**$2,287.15**			
December 10, 20 ___ balance of Sales Tax Liability is $83.85 and balance of State/National Dues Liability is $0.						

IRS

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's group exemption covers all PTAs who obtain Good Standing status each year. For a PTA to be considered in Good Standing, it must comply with the Standards of Continuing Affiliation as published on the Texas PTA website.To request a copy of the IRS Determination Letter and a Letter of Good Standing, email leaderengagement@txpta.org and include your contact information along with your PTA's official name, city, and Texas 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 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 income 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 for the year.
- **990:** Gross receipts are $200,000 or more for the 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

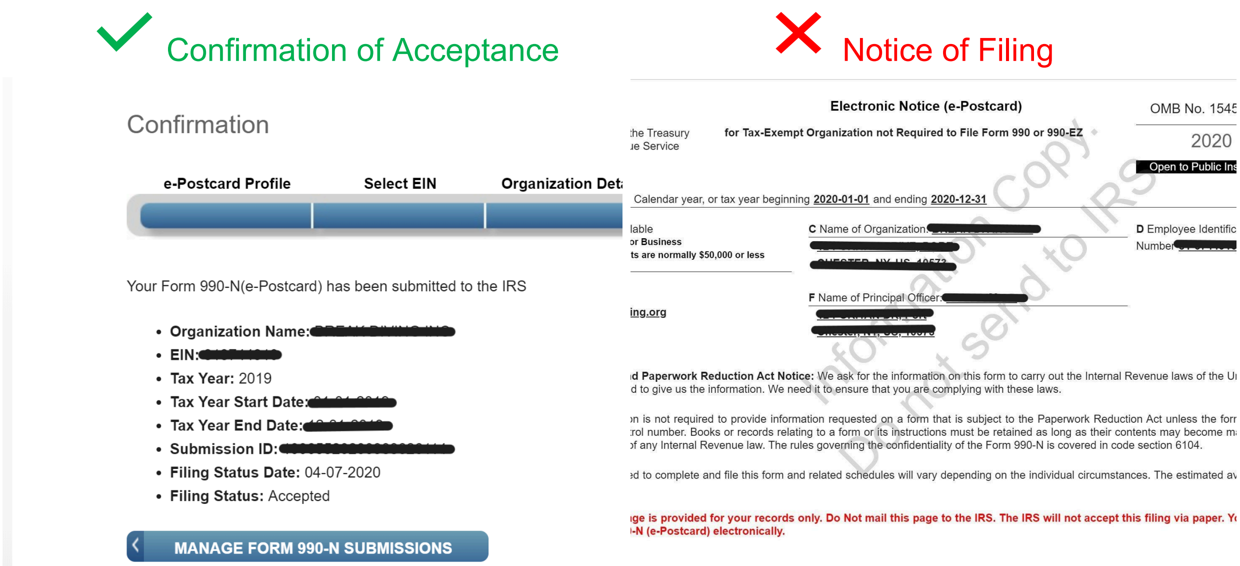
PTAs with gross receipts normally less than $50,000 should file their 990-N electronically directly with the IRS. If the PTA is at least three years old and averaged $50,000 or less in gross receipts for the preceding three tax years (including the year for which calculations are being made), the PTA may file the 990-N even if gross receipts for the current year exceed $50,000.

The 990-N 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 normally $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 the [Treasurer web page](). Filing at [irs.gov]() is free. Be sure that the IRS accepts your return before considering the filing to be complete. You should provide the Confirmation of Acceptance (below on the left) rather than the Notice of Filing (below on the right) to the Financial Reconciliation Committee and retain a copy for the PTA's permanent records



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 that says "An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975" (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, ensure you check the box (currently Box H) on 990-EZ or answer No to "Is the organization required to complete Schedule B, Statement of Contributors on 990 (currently Part IV Question 2) on the 990-EZ/990.

If the Local or Council PTA reported more than $15,000 from total gaming (990-EZ: Part I line 6a or 990: Part VIII 9a) and/or $15,000 or more from fundraising and special events (990-EZ line 6b or 990: Part VIII 1c and 8a), 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 the details of other expenses included on Part 1, Line 16 of the 990-EZ and on Part 1, Line 17 of the 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 Leader Engagement Department at leaderengagement@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 decides to change its year end again, and the PTA is required to file a long-form 990, it must file Form 1128 to request IRS approval to change its year-end.

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 along with 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-NECs issued by the PTA during a calendar year. Even if the PTA issued only one 1099-NEC, a 1096 must still be completed. More information on filing a 1099 and 1096 can be found on the Treasurer web page.

To obtain the above forms, visit the IRS website. You may also electronically file these returns using the IRS's File Information Returns Electronically (FIRE) system.

State Sales Tax

Exemption from Paying State Sales Tax
PTAs are not required to pay Texas sales tax on items purchased for use in presenting programs or carrying out the work of the PTA if they are individually listed with the Texas Comptroller's office as a tax-exempt entity.

You can verify if your PTA is listed at Texas Tax-Exempt Entity Search. If your PTA is not listed, please email leaderengagement@txpta.org with your PTA's official name and Texas PTA ID number. When PTA members purchase items for the PTA, they present an exemption certificate to the retailer (available at the Texas Comptroller web page) so that sales tax is not charged. 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 Texas Tax-Exempt Entity Search.

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 Holiday if they are selling items included in this event. The State Sales Tax Holiday is usually a weekend in early August. The specific dates and items included can be found at the Sales Tax Holiday web page. These days do not count as one of the PTA's two tax-free days.

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 utilize their designatede tax-free sale days for these sales.

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: Obtaining a Permit 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*. See Exemption from Paying Sales Tax section to learn how to confirm your PTA is listed as tax-exempt and to apply for tax-exempt status if it is not listed.

To apply for a permit, go to the Texas Online Tax Registration and select "Apply for Permit via eSystems" .The form requires the PTA's EIN to complete the application. For the NAICS code, use 813410 - Civic and Social Organizations.The school address is recommended to be used for the application, returns, and correspondence.

Once the sales tax permit is received, 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.

Sales and Use Tax Permit: Collecting Sales Tax
A PTA purchasing taxable items for resale that has a sales tax permit should 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. The resale and exemption certificate can be downloaded from here. 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 PTA is not required to collect sales tax on the following:

- Sales of meals and food products, including candy and soft drinks, if the sales are made during the regular school day and by agreement with the proper school authorities. This exemption includes food, soft drinks and candy sold through vending machines.
- PTAs may also sell meals, food, candy or soft drinks tax free outside of the school day if the sales are part of the organization's fundraising drive and all net proceeds go to the group for its exclusive use.
- 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.

More common items sold by PTAs and their taxable status is available in the chart When to Collect Sales Tax.

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 this pizza is sold on one of the PTA's two tax-free days, sales tax would not be required to be collected and remitted.
- 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.

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”.

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.

Sales and Use Tax Permit: Remitting Sales Tax and the Sales Tax Return
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 next working day is the due date. **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*.**

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.

For more information, visit the Texas Comptroller’s website.

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 *provider* of the amusement)		X
Admission ticket (if the PTA is *not the provider* 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 on the Treasurer web page.

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. The financial reconciliation committee must review all PTA accounts (including bank accounts, payment collection systems,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 completed at the following times:

- the end of the fiscal year;
- 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, subject to the approval of the membership, the financial reconciliation committee (consisting of no fewer than three (3) members) at the annual meeting and the reconciliation must occur within 30 days of the end of the fiscal year. 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; or
- reside in the same household as or be related by blood or marriage to 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 should contact the treasurer, secretary and president for any clarification required and to correct any errors identified. All findings should remain confidential until the report is delivered.

Preparing for the Financial Reconciliation

For the year-end financial reconciliation, all financial records must be submitted to the committee within 10 days of the end of the fiscal year.

The treasurer for the period being reviewed presents the following financial records for the period being reviewed to the committee:

- current year annual financial 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 (detail of all transactions for the period under review);
- all receipts/invoices with PTA Funds Request Forms;
- all bank receipts with PTA Deposit Forms;
- all checks for all accounts - cleared (check images from the bank suffice), voided, and unused;
- bank statements and reconciliations for all accounts;
- Electronic payment collection system account reports (from PayPal, Square, merchant account, etc);
- For end of year review, IRS Form 990-N confirmation of acceptance or a draft of the appropriate 990-EZ or 990;
- Sales and Use Tax permit and returns, if the PTA has a permit; and
- any correspondence from/to the IRS or Texas Comptroller's Office.

The secretary for the period being reviewed presents the following records for the period being reviewed to the committee:

- minutes from membership and executive board meetings (including presented financial reports, last financial reconciliation report, Statement Review by Non-Signer forms, Records Retention Policy, and any other items presented at meetings);

- current membership roster and executive board roster;
- all bylaws, standing rules, and policies in effect during the period under review;
- signed Confidentiality, Ethics, and Conflict of Interest Agreement; and
- contracts for the period under review.

Financial Reconciliation Checklist
PTAs can visit the Financial Reconciliation web page for 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 must be followed and the Texas PTA Treasurer should be notified by completing the form within the policy or emailing treasurer@txpta.org.

Immediately Following the Reconciliation
- If no evidence of theft, fraud or embezzlement is suspected, give the PTA records to the current treasurer and secretary so that they can proceed with business.
- When theft, fraud, or embezzlement is suspected, retain the review report and records and follow the Texas PTA Theft, Fraud, and Embezzlement Policy.
- 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, the confirmation of acceptance 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.
  - Provide the financial reconciliation report, annual financial report or budget vs. actual report and confidentiality agreement signed by the financial reconciliation committee to 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.
  - Provide the financial reconciliation report, budget vs. actual report and confidentiality agreement signed by the financial reconciliation committee to 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 financial benefit. It is important to seek help from your council president or field service representative 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 on the Texas PTA policies web page.

Financial Red Flags

- Account statements are not seen by the treasurer and nonsigner reviewer monthly.
- Financial reports are not given at regular executive board or membership meetings.
- Statement Review by Non-signer is not presented by secretary at executive board meetings.
- The beginning balance of a financial report doesn't agree with the last reported ending balance.
- Amounts in the financial reports do not equal 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 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.
- Invoices/receipts are missing from funds request forms.
- The membership did not approve the budget.
- The membership did not approve fundraising activities.
- The amount of fundraiser profit doesn't agree with the amount in the signed contract.
- Less money was deposited for a fundraiser than paid to the company for the product received.
- Bills are received for items not in the adopted 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 individuals related to those signers.
- President or treasurer is missing meetings and not responding to emails and phone calls.

FAQs

Texas PTA's Treasurer publishes a list of commonly asked treasurer questions each month. The Treasurer Question of the Month is a compilation of those questions and answers

Training & Learning Resources

Texas PTA believes volunteer at-home accessibility to FOUNDATIONS Training is important. As such, all required training is located on the online courses web page. 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 from the online courses web page. 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 Foundations Leader Orientation (FLO) and Leadership Orientation Training (LOT)) periodically throughout their PTA career.
- **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 the online courses web page. Basics content includes an online training video, a companion Resource Guide, and other supporting resources.
    a. PTA Leaders can access the Resource Guides and download free training materials via the PTA leader resources web pages.

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.

FOUNDATIONS: Spotlights

Spotlight courses offer short, in-depth reviews of important topics and recurring PTA functions, such as Bylaws and Standing Rules, Financial Reconciliations, 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 the Executive Board Member Registration Form to let Texas PTA know your roles.

All executive board members are encouraged to closely follow Texas PTA legislative advocacy efforts by subscribing to Under the Dome, our advocacy newsletter. Sign up for Advocacy Action Alerts at the Take Action web page.

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 the leadership development web page to discover which Extra Credit courses to view to continue their leadership development and to investigate the Full Circle Leadership program.

Texas PTA Staff and Board of Directors Support

BOARD OF DIRECTORS

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 from the Texas PTA Board of Directors web page.

COMMUNICATIONS | *communications@txpta.org*

The Communications team manages and produces all Texas PTA communications, including specialized newsletters (advocacy, programs, membership, and treasurer), social media channels, and the Texas PTA website. They also serve as Texas PTA's contact for all media inquiries.

FINANCE | *finance@txpta.org*

Texas PTA understands the responsibility of managing your member dollars. The Finance team monitors Texas PTA resources according to the annual budget, as adopted by the Board of Directors.

The Finance team is also available to support PTA leaders in their compliance with state and federal financial requirements, such as electronically filing the annual 990 with the IRS and sales tax filings with the State Comptroller.

LEADER ENGAGEMENT | *leaderengagement@txpta.org*

The Leader Engagement team directly supports 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*

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 PTAs.

PROGRAMS | *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, and Texas PTA's turnkey campus program library, Connect. Whether your PTA is registering for LAUNCH or requesting a Connect Program, the Programs team can assist you.

Notes

Notes

Texas PTA

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THIS ITEM IS FOR PTA USE ONLY.