

FINANCIAL HODGEPODGE, FREQUENTLY ANSWERED QUESTIONS:

Per IRS 501(c)(3) regulations, **in order to retain** tax-exempt status a **PTA cannot use funds to benefit individuals** as we are organized and operated exclusively for exempt purposes and **none of our earnings may benefit** any **individual**. Therefore, end of year or appreciation monies for a custodian or the bookkeeper cannot be given. In the name of PTA, thru the PTA bank account/hands, we cannot purchase flowers for bereavement nor can we raise money to benefit a family who lost their home to a fire. *WHAT CAN YOU DO?* Individuals can raise money or make donations.

Remember the "3 to 1 Rule" when establishing/amending your PTA Budget: For every ONE fund-raising activity (*income* section of budget), there should be at least THREE non-fund-raising programs/projects (*expense* section of budget) aimed at advocating for and helping children, parents and teachers or advocating for education and school improvement. The overall plan of work should benefit each member of the "charitable class" equally.

Your PTA budget may permit supplies for each teacher/classroom and should provide for an equal amount. You would need to set up a reimbursement approval process in order to remain within the approved budget for each grade level/teacher. Requests for supplies must be submitted to the PTA for approval *before* the purchase is made. Teachers/Staff should be reimbursed only by submitting an original receipt attached to the standard PTA Request for Remittance Form. In the alternative, the PTA may wish to make the purchase for the teacher.

Remember to look at your local unit bylaws, with regards to your annual **Financial Review/Audit Committee**. It sets forth how many individuals [normally not less than 3] that you must have. You cannot conduct any financial business until this has been completed. Currently, your financial review report is due to Florida PTA by September 30th.

GIFT CARDS: The IRS does not distinguish whether an organization purchases gift cards/certificates or if they were donated by a company; to the IRS, it is the same.

The only times that a donated gift card can be used is

(a) in a silent auction or raffle (See Raffles and Games of Chance – Page 34 Kit of Materials, Dollars & Sense) (b) if the organization uses the donated gift card to purchase items that benefit the organization; not individuals.

When gift cards are donated to the PTA, extensive, appropriate, accounting controls must be in place for distribution. Since having gift cards on hand is the equivalent of having cash on hand. Following are recommended controls and procedures for the distribution and use of gift cards, gift certificates, and prepaid cards:

- Keep a log of all donated gift cards, gift certificates and prepaid cards, including the donor name, the date of receipt, and the value.
- When gift cards are used, a disbursement voucher should be completed with receipt(s) attached for the audit committee to verify that funds were spent appropriately..
- The log and receipts should be maintained in the Treasurer's books and provided for the audit.