

parents  
teachers  
students  
& community  
are the **basics**  
of every PTA

**fundraising**  
resource guide  
2015-2016





# INTRODUCTION

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It seems obvious why fundraising is important: to raise funds for needed items, services and programs. Yet, raising funds has many other benefits. Raising funds for a cause has a lot more benefits than taking care of an obvious monetary need.

Fundraising can make a huge impact. In the growing pressure from government to “do more with less,” it is unfortunately true that the way many schools and communities are doing this is to cut out the programs that they deem as not being essential. This often means that many childhood experiences will be lost as well.

Fundraising by non-profits should be creative. This is due to the fact that there are more non-profits than ever serving in any given community. The reality of this fact is that these additional non-profits are limited in the amount of financial dollars available in the community. Creativity in fundraising efforts will ensure that PTAs have the financial resources they need to operate and provide the services that they are committed to provide. When raising funds PTAs should utilize different methods of fundraising such as: asking individuals to donate to the PTA, seeking grants, hosting events and selling items.

Creative fundraising by non-profits can be defined as fundraising that goes beyond the traditional way of asking for financial support.

PTA’s should always ask the following when they begin planning fundraisers:

- What is our mission?
- Why do we exist?
- Why do we need money?

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# ABOUT PTA

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## 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, community and place of worship.
- To raise the standards of home life.
- To secure adequate laws for the care and protection of children and youth.
- To bring into closer relation the home and the school, that parents and teachers may cooperate intelligently in the education of children and youth.
- To develop between educators and the general public such united efforts as will secure for all children and youth the highest advantages in physical, mental, social and spiritual education.

## PTA VALUES

- **Collaboration:** We will work in partnership 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 the achievement of our association's strategic initiatives.

# POSITION RESPONSIBILITIES

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The primary emphasis in PTA must be focused upon the promotion of the PTA Purposes, not upon fundraising. However, most PTAs need to do some fundraising. PTA funds are always used to further a PTA's educational purpose and, where possible, raised in a manner that promotes a PTA Purpose.

The primary source of PTA funds is normally membership dues. The PTA should begin the year with specific goals in mind before deciding what fundraisers will be conducted to raise the necessary funds.

For most PTAs, the best solution is a single money-raising project. One well-planned event usually raises sufficient funds to finance the year's activities. The fundraising event must reflect the high principles of the association. It should have educational, social or recreational value. Be careful to avoid parent burnout. Too many fundraisers may drive away members. With fundraising, less can be more.

Fundraising is undertaken to provide funds for the PTAs planned activities. Fundraisers are not conducted simply to raise money for which no use has been planned. The most successful fundraisers are those where the funds are earmarked for a specific project that parents care about. If you start to hear rumors that parents are tired of fundraisers, drop plans for any spring fundraisers and consider it as an investment toward the next fall. Check with other groups in the area to see what fundraisers they are doing in order not to compete with one another. Products and timing need to be considered.

## PRIMARY DUTIES OF A FUNDRAISING CHAIR

- Establish a Plan of Work
- Coordinate and work with a committee
- Research and determine fundraisers for the PTA
- Comply with local, state and federal laws, along with school district rules regarding fundraisers
- Verify that the president has signed the contract or agreement for every fundraiser
- Ensure that all money is counted by two people and verified, utilizing an itemized receipt form
- Process deposits as soon as possible
- Confirm bills are paid by check, not cash
- Report all expenditures and profit from the fundraising event to the board and the association at the meeting immediately following the activity (See the Report of Fundraising Activity Report)

# PROCEDURE BOOK

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A procedure book serves as a permanent record of activities and ensures an ongoing PTA program of work. It contains materials and information needed for the job. When compiling your procedure book, ask yourself, “If I knew nothing about the job, could I do it with this procedure book?”

## **A PROCEDURE BOOK:**

- is vital to the effectiveness of an on-going chair;
- is a record of a year’s plans and activities;
- keeps you organized and focused; and
- makes tasks easier for those who follow you.

## **HOW TO COMPILE A PROCEDURE BOOK**

- Use a loose-leaf folder or notebook.
- Separate sections with tabbed dividers.
- Include Suggested Table of Contents (see following).
- Additionally, keep all correspondence and records in CD and flash drive format to keep better records of past and current activities.
- Note: Be sure to turn over the procedure book and all CD/flash drive records of past works to the new chair at the completion of your term in office.

## **SUGGESTED TABLE OF CONTENTS**

### **DIRECTORY**

- Your name, address, telephone number and year served
- Address of Texas PTA Office and telephone number
- Address of National PTA Office and telephone number
- Name, address and telephone number of Local PTA president and board members
- Name, addresses and telephone numbers of Council and Texas PTA officers or chairs with comparable responsibilities
- Names, addresses and telephone numbers of committee members
- Resource people, related agencies and organizations in the community

### **JOB DESCRIPTION**

- Responsibilities of your job
- Month by month “To Do” List

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## **PLAN OF WORK**

- Copy of approved Plan of Work

## **FINANCIAL REPORTS/FORMS**

- Local PTA Budget
- Treasurer's Reports
- Voucher forms
- Tax exempt forms
- In-depth breakdown of expenditures for your job

## **BYLAWS/STANDING RULES**

- A current copy of the Local PTA bylaws and Standing Rules (a copy of these items can be requested from Texas PTA)

## **EVENTS, PROJECT, PROGRAM**

- List on separate pages each event, project and/or programs including dates, responsibilities, expenses and an evaluation form.

## **REPORTS**

- Reports – include reports given by your office (list each title separately)
- Forms – include all forms sent by your office for awards at Council, Texas or National PTA

## **VOLUNTEER HOURS**

- Use a calendar to keep track of your hours and turn them into the volunteer coordinator.

## **PTA MATERIALS**

- Handouts and updates received from Texas PTA, Council and Local PTAs
- Agendas and minutes

## **EVALUATIONS**

- What were your successes? Why?
- What projects failed? Why?
- What person, groups, materials were most helpful?

## **RECOMMENDATIONS**

- This section should contain any recommendations to your successors.

# PLAN OF WORK

At the beginning of each term all board members are required per the bylaws to complete and present a Plan of Work to the board for approval.

A Plan of Work is a detail list of all goals and expenses that a board member has for their term of office. Plans of Work must be approved before any expenses can be incurred for a position.



## Plan of Work Plan de Trabajo

**Officer/Chairman Name:**  
(Nombre de Oficial/Presidente de Junta) Jane Smith

**Position:** Fundraising (Ways and Means) **Year:** 20XX - 20XX  
(Posición) (Año)

*Reproduce as needed for the appropriate number of goals.*  
(Se puede reproducir para metas adicionales.)

<b>Responsibilities/- Duties:</b> (Responsabilidades)	Research and present fundraisers to the board for approval. Oversee successful fundraisers.	<b>Committee Members:</b> (Miembros del Comité)	Members of the PTA.
<b>Goal:</b> (Meta)	To hold successful fundraisers to provide funds for the PTAs planned activities.	<b>Evaluation Process:</b> (Proceso de Evaluación)	Outcome of fundraisers.

<b>Specific Action Steps</b> (Proceso Especifico de Acción)	<b>Start Date</b> (Fecha de Empezio)	<b>Completion Date</b> (Fecha de Terminación)	<b>Budget</b> (Presupuesto)
Research fundraisers – making decision on the best fundraisers for the PTA			
Present fundraisers to the membership for approval.			
Oversee fundraisers – making sure all deposits are made, all merchandise is distributed and completing a fundraising activity report.			

<b>Resources:</b> (Recursos)	<i>BASICS: Fundraising Resource Guide, BASICS: Treasurer Resource Guide, Texas PTA and Council PTA</i>
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# GOALS

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PTAs should begin each year with specific goals in mind, and should identify strategies for reaching those goals before determining the dollar amount needed in a fundraising event.

## GOALS SHOULD BE SMART GOALS

<b>S</b>	<p><b>Specific</b> – A specific goal has a much greater chance of being accomplished. Specific goals should answer the six “W” questions.</p> <ul style="list-style-type: none"><li>• Who is involved?</li><li>• What do you want to accomplish?</li><li>• Where is the location?</li><li>• When will it take place?</li><li>• Which are the items that are required and what are the constraints on those requirements?</li><li>• Why have this goal – specific reason, purpose or benefit of the goal?</li></ul>
<b>M</b>	<p><b>Measurable</b> – Establish concrete criteria for measuring progress toward the attainment of each goal. When you measure progress, you stay on track.</p> <ul style="list-style-type: none"><li>• How much?</li><li>• How many?</li></ul>
<b>A</b>	<p><b>Achievable</b> – Must be a goal with a specific outcome to work toward.</p>
<b>R</b>	<p><b>Results-Oriented</b> - Must represent an objective toward the goal, every goal should represent substantial progress.</p>
<b>T</b>	<p><b>Time-Bound</b> – There should be a timeframe associated with every goal.</p>

# FUNDRAISING

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## WHY FUNDS ARE NEEDED

PTA funds are used to promote PTA purposes. Money must be raised ethically, recorded accurately and spent wisely. The following are some functions for which funds should be budgeted.

- Leadership training
- Bonding/insurance
- PTA administration
- Legislation, programs, and parent education
- Expenditures of all committee chairs
- Awards
- Other Activities

## QUESTIONS TO ASK

When planning a fundraiser, ask the following questions:

- Does it adhere to the PTA vision, mission and purposes?
- Does it conform to the noncommercial, nonsectarian, and nonpartisan policies set forth in the PTA bylaws?
- Will it create goodwill for the PTA?
- Will it provide the revenue to help meet the PTA's goals?
- Do you need to collect sales tax or can we use our tax free days?
- Do the contracts for the products cover who is responsible for damages or unclaimed goods?
- Is the PTA using volunteers, or does it have to pay or contract workers?
- Is it ethical?
- Is there a cost for using a facility? Are their special restrictions for the facility?
- How long is the event going to last?
- Are there local, state, or federal laws that apply?
- Is the company a recognized fundraising company? How long have they been in business? Ask for and check references.
- Does the company have a local sales representative?

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- Is the fundraising company knowledgeable about fundraising and sales tax issues?
  - Have there been any complaints filed with the Better Business Bureau or Texas PTA?

## **3-TO-1 GUIDELINE**

PTA's should use the 3-to-1 guideline when planning the year's activities. For every fundraising activity, there should be at least three non-fundraising programs aimed at helping parents and children. Programs can be advocating for children's and families rights as well as school improvements.

### **RELATIONSHIP OF MEMBERS/STUDENTS TO FUNDRAISERS**

**PTA members are volunteers dedicated to improving the environment of their children. As such:**

- No individual PTA volunteer shall profit monetarily from any fundraiser;
- PTA boards select and approve fundraisers to preclude any potential "conflict of interest;"
- Children must never be placed in position of risk to further any fundraising project;
- How money is handled, earned or expended must be determined solely on the basis of maximizing the benefits available to our children;
- The primary emphasis of PTA focuses upon the promotion of the Purposes, not upon fundraising;
- Local PTAs refrain from organizing and participating in any fundraising activity that may require a child to go door-to-door without adult supervision. (2004 Texas PTA Position, reaffirmed from 1999); and
- Award programs, if used, thank and award all families for their help and participation, not just a few "top sellers." The Texas PTA recommends that the value of an award program not exceed two percent of the retail sales of the program.

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## Selecting a Fundraising Company

- **Reputation** - Look for a company that has an established reputation working with schools and parent organizations. Talk with other schools in the area to find out any information regarding the company that is being considered.
- **References** – Ask the fundraising company for references, the fundraising company should not have a problem supplying a list of references.
- **Profit Margin** – Profitability is another important consideration when choosing a fundraiser. Each company determines the profit margin that they will offer to the PTA; these margins can vary greatly from company to company. Look for companies that offer a high percentage. Remember that fees for handling charges, shipping and other expense can take away from profits. Make sure to factor in these expenses when making your considerations.
- **Customer Service** – Good fundraising companies give support throughout the entire process of the fundraiser. Pay close attention to the level of customer service that is received. How easy is it to get in touch with someone when help is needed? Is the company representative helpful? You want someone who will provide fast and reliable answers to questions. Most fundraising companies assign specific sales agents. This agent will provide customer service throughout the entire fundraiser. Make sure that this is a service that your fundraising company offers.
- **Licensing** - Make sure that the company is a licensed business in the area where it claims to be located. Look for an affiliation with the Association of Fund-Raising Distributors and Supplies (AFRDS)
- **Products** – Look for providers that offer many different types of fundraisers so that you can work with the same company each time you plan a fundraiser. Make sure the products that are offered are high quality and that numerous people would like to buy.

## CONTRACTS

More and more fundraising companies are asking for written contracts. A contract protects you, the association and the fundraising company by having all major decisions in writing. With a contractual agreement, all parties assume responsibility for complying with the terms, but the Local PTA also begins the fundraising project with a clear understanding of who handles what. Here are some things to look for when reviewing a fundraising contract:

- Double-check all the numbers. Are the costs, percentages, etc. the same as those you agreed on?
- Are all of the desired services included? (For example: kick-off presentations, incentive programs, tallying, packing, and shipping.) Is it clear that the company covers the cost for these services?
- Are the approved promotional materials listed? (Take-home brochures, display kit, sample packs, etc.)
- Are dates for payment and product delivery included and consistent with your verbal agreement? If any payment is required prior to delivery of all merchandise, be sure you have thoroughly checked out the financial status and ethics of the company. Check references with at least two other organizations that have done business with the vendor.

- Is there a clause covering the procedure for handling damaged, unsold, or returned merchandise?
- Make sure the contract is clearly an agreement between two organizations, not two individuals. Contracts are approved by the executive board and signed by the president. This board approval is reflected in the executive board meeting minutes. When signing contracts, the signer adds their title after their name to show they are signing for the PTA and not as an individual.
- Signors' on the written contract appear as follows:

Jane Doe Fundraising  
 (Fundraising company name)  
 By: \_\_\_\_\_  
 (Company's representative)

ABC Elementary School PTA  
 (PTA's Name)  
 By: \_\_\_\_\_  
 (PTA President)

- A variety of insurance policies are available to vendors to protect themselves and your PTA against injuries and accidents resulting from use of their products. Other policies also provide proof of coverage for claims under the Deceptive Trade Practices Act. If you have concerns of this nature, consider requesting proof of coverage from your selected vendor before doing business.

## PLANNING

- **Create a calendar of activities.** The time-tested way to figure out what needs to be done by when is to work backward from the day of the event. List all of the steps. Once you have worked out what needs to be done and when, create an actual calendar. Make sure to list the date the task will begin and the date the task will end.
- **Define committees and assign leaders.** Remember, one person is not a committee. Invite people to join your committee. Sub-committees might be formed to do planning, handle meals or refreshments, decorations, awards, gathering auction items or donations. Schedule regular committee meetings, where everyone will report on their progress and any difficulties they may be facing.
- **Plan the promotion and publicity.** Promotions are advertising that you arrange or pay for yourself, such as posters and invitations, publicity is media reporting. Promoting your event is to tell your members and supporters about it. Your newsletter and website should start generating excitement about the event months in advance, mentioning the date, location, and contact person for more information or volunteer opportunities. Consider placing announcements in the local newspaper/on the school website, use social media (ex: Facebook, Twitter, Instagram, Pinterest, etc.)
- **Create corporate sponsorships opportunities.** Getting corporate sponsorship can be as simple as encouraging your board members to ask their employers to buy a table's worth of tickets for an annual dinner event. Other times, you will want to look for major sponsorships – for example, by offering to make a company the lead name on your event. (See section of this guide on sponsorships.)

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## LEGAL IMPLICATIONS

There are three main types of legal implications to fundraising activities:

- **Product liability** – PTAs should always be concerned when a fundraiser involves selling a product. These concerns vary depending on the product.
- **Personal injury claims** – Personal injury claims are the second most common legal concern. Remember, anyone can become injured during a fundraiser and they could hold the PTA responsible.
- **Contract issues** – PTAs should be signing contracts relating to their fundraisers. Like any legal document, these agreements will be binding on the PTA and could result in legal liability if those agreements are not fulfilled. For example, if a PTA signs a contract that states a minimum amount of items must be purchased to receive a percentage of the sales, the PTA may be required to purchase those items from PTAs funds if the minimum amount is not sold. Any contract entered into by a PTA should be examined thoroughly by a person knowledgeable in contract law who can advise the PTA with respect to its obligations.

PTAs should always purchase insurance to cover any liability the PTA may encounter. The PTA should review their insurance policy to determine whether any product liability, personal injury, or contract claims arising from fundraising events would be covered. While personal injury typically is covered in a good general liability insurance policy, product liability claims and claims arising from contractual obligations may not be covered.

# FUNDRAISING IDEAS

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Make sure to be aware of any regulations regarding the type of fundraiser you choose. See the section on Taxes and the IRS for tax information on some types of fundraisers.

## DONATIONS

- Mile of pennies, pounds of pennies, pennies for...
- Asking for donations from parents/PTA members
- Corporate donations

## FOOD (CHECK SCHOOL DISTRICT POLICIES)

- Bake sales; bake sale on election day (if school is polling site)
- After school snacks sales (pickles, cupcakes, sno-cones)
- Take home dinner
- Community dinners: spaghetti, Mexican, Barbeque
- Breakfast tacos
- Concession stands at high school football games

## SALES

- School supplies; school store
- T-shirts; school spirit items, shoestrings in school colors; stadium cushions
- Santa's Workshops
- Book Fair/Used Book Fair
- "Brochure sales" – candy, gift-wrap, cookie tins, etc.
- Family portraits
- Items personalized with students' names
- Halloween carnation sales; Valentine ribbons and carnations, Poinsettias

## CARNIVALS

- Field Day Fun
- Kids Around the World
- Fun Day
- Spring Carnival
- Fall Festival/Carnival: Halloween Carnival
- Craft Fair; Christmas Craft Fair

## NON-FOOD FUNDRAISERS

- Bingo
- Water bottles/spirit wear
- Store reward programs
- Game nights
- Raffles
- Auctions (live, silent, online)
- Plants, seeds, flowers
- Magazine subscription
- Recycling (printer cartridges, cans, paper)
- Greeting cards, stationary

## HEALTHY FOOD FUNDRAISERS

- Fruit
- Healthy cookbooks
- Smoothies
- Spices
- Nuts and trail mix
- Herb garden kits
- Healthy vending machines

## ACTIVE FUNDRAISERS

- Fun walks or runs
- Walk-a-thon, bike-a-thon, skate-a-thon, bowl-a-thon
- School dances
- Family obstacle course
- Golf or tennis tournaments
- Teacher-student competitions (volleyball, softball, frisbee)

# TOP TEN THINGS TO REMEMBER WHEN FUNDRAISING

10

Have a specific goal for each fundraiser, regularly remind yourself and your volunteers of that goal and promote it to the community.

9

Assign an organized person to serve as Fundraising Chair.

8

If you are using a fundraising company, know the company or check out references and have a written contract.

7

Select a program with a good service package that fits your needs.

6

Make sure the product you are selling represents a good value at a fair price.

5

Look for fundraising activities that have educational value and promote community involvement. Remember the children must never be placed in a position of risk.

4

Delegate and involve as many volunteers as possible.

3

Keep it short. People lose interest in long projects.

2

Do not overwhelm your families. Remember, kids are in school to learn and parents can only afford so much.

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**Have  
FUN**

GOAL!





# PROJECT/EVENT GUIDELINES

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Local/Council PTAs can be the sponsor of projects and events, such as Project Graduation, after-prom lock-in, grade-level banquets, etc., as long as proper procedures are followed.

A project or event that occurs annually should be listed as a standing committee in the standing rules, functioning as any other committee. The committee chair submits a detailed Plan of Work for executive board approval. If the project or event occurs only once, as in the case of a campus anniversary or rededication ceremony, the executive board creates a special committee that would not be included in the standing rules but would have a line item in the budget.

The Local/Council PTA may have a separate checking account for these recurring projects/events, but the signers on this account are the same signers as on all other Local/Council PTA accounts. The bank account is in the name of the Local/Council PTA (for example, Great High School PTSA Project Graduation), and the PTA's EIN is used. If a separate, designated account is established:

- A separate financial report is presented at every meeting.
- A separate budget is adopted and amended, as needed, by the membership.
- Bank statements are opened, initialed, reviewed and dated by a non-signer on the account.
- The financial reconciliation committee shall perform a separate financial reconciliation on each Local/Council PTA account.
- Fundraisers with funds dedicated specifically for these projects/events are approved by the membership.

The chair of these projects/events is appointed by the Local/Council PTA president, subject to the approval of the executive board, unless listed as a duty of an elected officer in that Local/Council PTA's bylaws or standing rules. The chair must be a member of that Local/Council PTA, and the committee members must also be members of that PTA.

The committees for these projects/events are not and do not operate as a separate board of directors. They are a committee, and committees do not have officers.

Any income from these projects/events (ticket sales, donations, etc.) is considered Local/Council PTA income and is included as such for IRS Form 990 and Governmental Accounting Standards Board (GASB) Statement #39 purposes. (For more information on the GASB #39 Form, visit the Resources page of the Texas PTA website.) Income from these projects/events is exempt from federal income tax and state franchise tax. Purchases made for these projects/events are exempt from state sales tax. If sales tax is paid for purchases, the tax should not be reimbursed.

Designated incoming funds can either be deposited into a designated event/project account or designated on the budget if included in the operating account. To designate an item on the budget, the income and corresponding expenses is marked with an asterisk and a footnote explaining their designated use.

Small token donations may be made to another group (for example, a Project Graduation organization that is not part of the Local/Council PTA or a reunion/alumni fund) provided all of the following criteria are met:

1. The membership votes to make the donation.
2. The group has 501(c)(3) status and PTA has documentation to prove that.
3. The group shares at least one common purpose with PTA (i.e., to promote the health, education or welfare of children, provide parent education or raise the standards of home life).

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Donations designated for these projects/events can be considered as charitable contributions from the donors and may only be used for these projects/events. Any requirements by the donor associated with a designated donation should be provided in writing. The Local/Council PTA is obligated to review and follow such requirements (i.e., TxDOT funding).

The amount, up to the entire ticket price, for admission tickets donated to attendees is considered a charitable donation to the Local/Council PTA for IRS purposes.

Any Local/Council PTA scholarships given at the event must follow the established Texas PTA Scholarship Guidelines.

The Local/Council PTA should retain insurance (liability and fidelity bond, accidental medical, officers' liability) in order for these projects/events to be covered. The Local/Council PTA is not covered by the school district's insurance.

Local/Council PTA funds, including these project/event funds, may not be used to benefit an individual. Individual benefit must be considered whenever prizes are offered to attendees:

- Small nominal prizes may be provided to participants (for example, a gift basket with coupons, first aid kits donated by a local hospital, toothbrush, toothpaste, 99-cent laundry bag, and/or promotional items from local businesses or PTA).
- The IRS does not qualify the term “nominal” with a dollar amount. According to the legal counsel for Texas PTA, “nominal” can only be applied to non-cash items, and those items cannot exceed \$15 in value. Cash (defined to include but not be limited to cash, checks, gift cards, and gift certificates) is never considered nominal in value, is considered taxable income to the recipient and, in all cases, violates IRS individual benefit restrictions.
- Prizes of greater value cannot be awarded.

If an admission is charged and prizes are given to attendees by drawings, this violates IRS code regarding individual benefit and this process could be considered a raffle, which is subject to additional regulations set forth by the Texas Attorney General's office.

# FINANCES

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## DEPOSITING FUNDS

For the protection of both the PTA and its volunteers, PTA funds should always be counted and verified by the signature of two individuals prior to deposit, utilizing an itemized receipt form. One of the counters may be the PTA treasurer. Deposits should be processed as soon as possible following receipt. If same-day or night deposits are not possible, all monies should be kept in a secure location and never at a volunteer's home. A safe or vault at the school is an option for temporary security. Texas PTA recommends the adoption of standing rules or a policy to determine the cash handling procedures for your PTA.

## DISBURSEMENTS

Bills should not be paid with cash. A receipt or written documentation must be received before a check can be issued.

## REPORT OF FUNDRAISING ACTIVITY

A report of Fundraising Activity should be completed for each fundraiser. This report helps the PTA keep track and report the individual(s) for the PTA. It keeps a historical record of the fundraising activity for the year. This report should be given to the treasurer to help complete the yearly 990 filing. This report should contain the event and a detail listing of each of the deposits relating to the fundraiser. The report should also contain when and the amount the fundraising company was paid.

<b>Report of Fundraising Activities</b>				
<b>EVENT</b>				
<b>Date to Treasurer</b>	<b>Amount</b>	<b>Date of Report</b>	<b>Date on Treasurer Report</b>	<b>Board/Membership</b>
<b>TOTAL AMOUNT COLLECTED</b>				
<b>TOTAL AMOUNT PAID TO COMPANY</b>				
<b>SALES TAX</b>				
<b>PROFIT</b>				

# SPONSORSHIPS

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The IRS defines a sponsorship as a payment by a business/individual for which there is no arrangement or expectation that the business will receive any substantial return benefit. Sponsorships may be in the form of cash, products, or know-how to a charitable or educational association in return for an acknowledgement of thanks. The sponsor usually asks for public recognition for the donation.

A 501(c) (3) charitable or educational association is not prohibited from engaging in corporate sponsorship activities. A special provision in the IRC makes 501(c) (3) organizations exempt from paying federal income taxes on income from corporate sponsorships, as long as the benefits that are given back to the corporate sponsor fall within IRS guidelines. There is no limit to the amount that can be received by 501(c) (3) organization.

## SEEKING SPONSORS

Listed below are elements of the National PTA's policy that state and local PTAs may find helpful when seeking corporate sponsors:

- Sponsorships shall help further the programs, aims, and goals for the association.
- Sponsorships can be linked to specific events, programs, activities, or publications, or can be added to general funds.
- Sponsorship money or in-kind donations shall not be solicited nor accepted from companies that manufacture products or take public positions inconsistent with National PTA's or Texas PTA's positions and resolutions (e.g., alcohol, tobacco, or firearms companies).
- A successor clause will appear in all sponsorship contracts.
- Sponsorship agreements shall never involve techniques or marketing approaches that exploit children. This does not preclude the sponsor from using child actors in advertising and promotions.
- The PTA name, logo, or mark shall not be used in sponsorship materials or communications without identifying the company as "official sponsor of \_\_\_\_\_ PTA."
- Sponsors' products shall not be identified as "official product of \_\_\_\_\_ PTA."

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## **THANKING SPONSORS**

Thank yous must be limited to an expression of thanks and can list identifying information for the sponsor. The expression cannot request that people patronize the sponsor or buy its products; otherwise, the sponsorship payment will be subject to federal income tax.

### **Here are some ideas for thanking sponsors:**

- Placing posters throughout the school thanking the sponsor
- Hanging banners at the sponsored event
- Hanging banners around the school
- Placing a thank you in the PTA newsletter
- Use social media to thank the sponsor (Facebook, Twitter)
- Place a thank you on the PTA website
- Place a thank you on the school marquee
- Thank you notes or letters from students in their place of business. Student artwork could be displayed with the notes.

## **ENDORSEMENTS**

Endorsement activities are not appropriate for PTA participation based on the PTA's noncommercial policy.

# TAXES AND THE IRS

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In the ruling dated September 14, 1967, the Internal Revenue Service held that Texas PTA and its Local and Council 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 the Texas PTA and its Local or Council PTAs are deductible to the donor as charitable contributions for federal income tax purposes.

PTAs are not required to pay the Texas PTA sales tax on items purchased for use in presenting programs or carrying out the work of the PTA.

A PTA's tax-exempt status is one of its most important assets. If that status is revoked, charges of negligence or mismanagement may be brought against the officers and directors.

PTAs may hold two, one-day (24-consecutive hour), tax-free sales (for which the PTA is the determined seller) or auctions each calendar year. These sales or auctions are designated in the minutes. Sales or otherwise taxable items made during the 24-hour period designated as the tax-free sale or auction need not be taxed.

Tax free sales or auctions should be designated in the minutes. This can be done at a board or a membership meeting.

The Texas Comptroller's office has ruled that brochure/catalog sales are not eligible for 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.

## **DETERMINED SELLER**

If the PTA purchases inventory from a vendor, prepares all marketing materials, creates order form and determines the selling price, then PTA is the determined seller

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 take advantage of the one-day, tax-free sale provision if appropriate.

The Texas Comptroller's office has ruled that PTAs may consider advance-order sales fundraisers as one of their tax-free days, provided one of the following criteria are met:

1. All orders must be submitted by the PTA to the supplier prior to the delivery of the merchandise.
2. All merchandise must be delivered to the PTA by the supplier on one day (need not be the same day as indicated above).
3. The merchandise must be delivered to the purchaser over a reasonable period of time. Texas PTA recommends this period of delivery not to exceed three weeks.
4. The tax-free day is the day of delivery to the PTA, or the day of delivery to the customer if the delivery occurs on one day and not over a multi-day event. the PTA may decide which of the two options they prefer.

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A tax-free sale must not be a year-long activity, such as a school store.

A Local or Council PTA is required to have sales tax permit if the PTA sells tangible items, such as handicrafts, candles, t-shirts, cups, books and school supplies other than at the tax-free days.

The permit is issued from the Texas Comptroller's office. The form requires the Local PTA's EIN to complete the application. It is recommended that the school address be used for the application, returns and correspondence.

Make at least two copies of the permit. File one copy with the treasurer's records, and give the other copy to the fundraising chair or coordinator to display during the activity. There is no fee for the permit, and it remains valid until a request to cancel it is made by the PTA or cancelled by the Texas Comptroller. When your permit is issued, you will be assigned a reporting period. This could be monthly, quarterly or annually depending on your sales volume. Most PTAs are on an annual filing basis; therefore their returns are due on January 20 for the previous calendar (January – December) year. If the due date falls on Saturday, Sunday, or a legal holiday, the return may be postmarked on the next business day and still be considered timely. The return must be filed if you have a permit, even if you have no sales tax due during the reporting period.

- Total sales will equal the amount of PTA receipts as a result of the sale of tangible property. Therefore local PTA membership dues and admission price to an event or donations are not considered sales. Total sales will be the accumulation of the income from items such as spirit wear, school supplies, cookie dough sales and school store merchandise.
- Taxable sales are those sales that are held and the PTA collected tax. In the example above, the cookie dough fundraiser sales would not be included as taxable sales because this event is already considered a tax-free sale. Any taxable sales that occurred during the two tax-free days would not be included in this calculation as well.
- If the PTA owes sales tax, an electronic report can be filed, but a check signed with two authorized signers must be made to the Comptroller. Payment may not be processed electronically
- Due to the fact that the Texas Comptroller requires computation on income in whole dollars only, there will be a difference in the amount collected and what is remitted to the Texas Comptroller. In addition there is a .05% deduction for paying timely. Therefore once sales tax is paid, there is always a small amount left in sales tax escrow that remains as a part of the PTA's income. What can be done with that income? The Local or Council PTAs can zero out the balance in the sales tax escrow account and increase the donations income by that same amount. Why donations? Because it won't be considered as sales income in the future. If that money is allocated to a line item that is considered PTA sales, than in effect the PTA would be paying tax twice for the same revenues.

A PTA purchasing taxable items for resale must obtain a sales tax permit and issue a resale certificate to the seller in lieu of paying sales tax. A PTA does not have the option of paying the sales tax when the merchandise is purchased in order to avoid collecting the sales tax as 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 only during a tax-free day. If taxable items are sold only at the tax-free day, an exemption certificate is given to the seller rather than the resale certificate.

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**The following items are not subject to sales tax:**

- PTA food sales made at a PTA fundraising event are exempt from sales tax unless the PTA is in direct competition with a retailer required to collect sales tax. In this circumstance, the PTA would be required to collect sales tax as well.
- 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.

See “When Do I Collect Sales Tax?” in this guide for a chart of examples of taxable and nontaxable items. Items marked taxable are taxable unless sold at one of the association’s two tax-free days.

A PTA may participate in the annual State Sales Tax Holidays if they are selling items included in the event. The 81st Texas Legislature passed HB 1801 in 2009 expanding the list of items qualifying for exemption from state and local sales and use taxes during the annual sales tax holiday in August. In addition to clothes, footwear and some backpacks, Texas families also get a sales tax break on most school supplies priced at less than one hundred dollars (100.00) purchased for use by a student in an elementary or secondary school.

For more information, visit the Texas Comptroller’s website at [www.window.state.tx.us](http://www.window.state.tx.us).

## **SALES TAX**

PTAs are not required to pay the Texas sales tax on items purchased for use in presenting programs or carrying on the work of the PTA. This exemption was granted to Texas PTA and covers all Local and Council PTAs in good standing.

With all Local and Council PTAs in good standing are covered by Texas PTA’s exemption, they are not individually listed with the Texas Comptroller’s office. Local or Council PTAs that choose to file for incorporation must also file for their own exempt status with the Texas Comptroller’s office in order to ensure they are listed as exempt with the State.

When PTA members purchase items for the PTA, they present an exemption certification to the retailer in order not to be charged sales tax.

## **GIFT CARDS**

If a gift card is donated to the PTA to subsidize association expenses, complete a disbursement with receipts attached for the Financial Reconciliation Committee.

Any gift cards purchased by a PTA should not exceed \$25 in value and must be retail-specific (i.e. branded cards of restaurants, stores, etc.). Generic cards (MasterCard, Visa, etc) are not permitted.

PTAs should exercise the same care given to cash assets when storing and distributing gift cards.



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## **RAFFLES**

Chapter 2002 of the Occupations Code, the Charitable Raffle Enabling Act, permits and regulates “raffles,” which it defines as “the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised to pay a thing of value for a ticket that represents a chance to win a prize.”

### State of Texas Attorney General’s Ruling on Raffles

Raffles do not require a license. Local or Council PTAs must be in existence for at least three years before they can conduct a raffle. They are a legal activity for a PTA provided each of the following regulations is followed:

- Each ticket must have printed on it the name and address of the PTA, name of an officer, the price of the ticket and a description of each prize valued at \$10 or more. No prize may be valued in excess of \$50,000.
- A PTA may hold no more than two raffles per year and only one at a time.
- Tickets may not be advertised statewide or through paid advertisements.
- A raffle prize may not be cash. Gift cards, gift certificates and coupons are considered cash equivalents by the IRS; therefore they are not permitted as raffle prizes.
- The PTA must have the prizes in its possession or post a bond for the full value with the county clerk.
- Only members of the sponsoring PTA may sell tickets or an authorized representative.
- The PTA must complete a W2-G form to turn into the IRS if the prize exceeds \$600. A W-9 must be completed by the winner or backup withholding at the rate of 31% must be collected by the PTA. Provided the prize value is less than \$5000 and a W-9 is completed by the recipient, the PTA is under no obligation to collect tax.
- No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets.

## **BINGO**

PTAs must consider all the regulations before committing to a Bingo event and should avoid participation unless they can assure complete compliance. Detailed rules may be obtained from the Texas Lottery Commission (TLC) by requesting a copy of the Bingo Enabling Act, the Charitable Bingo Administrative Rules and the Bingo Operations Manual. You will also need to request a Texas Application for a Temporary License to Conduct Bingo in the event you decide to go ahead with the process. Even if the games are just for fun, where no entry fees are collected, a license is still required.

The TLC must receive the application and all attachments at least 30 days prior to your first event. To obtain forms call the Charitable Bingo Division of the Texas Lottery Commission at 800-BINGO77 (800-246-4677). You may not advertise a Charitable Bingo prior to actually receiving your license.

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## General Conduct of the Game

- The game must be open to the public.
- A prize may not exceed \$500 in any single game or a series of prizes may not exceed \$2,500 per occasion. In the event merchandise is donated the actual retail value may not exceed these limits. You may not advertise a dollar amount to be awarded at your game.
- Door prizes or other free promotions are not allowed at a Bingo event.
- No other forms of gambling may occur during a Bingo event.
- All Bingo supplies and equipment must be purchased from a licensed distributor.
- Your PTA will be responsible for collecting a five percent fee from the prizewinners and remitting it to the state of Texas
- Temporary Licensing Requirements
- There is a \$25 fee for each application; a new application is necessary for each event, and a maximum of six events per year are allowed.
- Bingo may be conducted only in areas that have held an election to legalize the game. Check with your city or county to see if it is legal in the area where you would conduct your game.
- Some of the attachments required to the license include: bylaws, articles of incorporations, Form 990s for last three years, membership roster, IRS determination letter, letter from Texas PTA indicating your PTA is a member in good standing.
- A criminal background check is conducted on the primary operator.
- The Texas PTA recommends that Local and Council PTAs use alternate methods for raising funds due to the increasing number of rules and required licenses to be obtained prior to operating Bingo game. The regulations listed here are not all inclusive. You will need to obtain the literature to learn all the requirements. This is only a summation intended to give you a general idea of the level of involvement.

If you have any questions, please call the Bingo hotline toll-free at 800-622-5991.

## WHEN DO I HAVE TO COLLECT SALES TAX?

	TAXABLE	NONTAXABLE
Candy bars *		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 writings and publications of the PTA		X
Gift wrap	X	
School supplies	X	
T-shirts	X	
Admission ticket (if the PTA is the <i>provider</i> of the amusement)		X
Admission ticket (if the PTA is <i>not the provider</i> 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	
Books (not written by the PTA)	X	
Silent auction items - DEPENDS ON THE ITEM AUCTIONED	X	X
Garage sale items	X	
Pictures with Santa	X	
Booth rental fee		X
Confetti eggs at carnivals	X	
Games of chance 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
Cookie dough		X

\* - These items would be taxable if the PTA is not the determined seller by both purchasing inventory AND determining the sales price.

# RESOURCES

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Texas PTA is committed to providing our volunteer leaders across the state with the knowledge and skills they need to be successful in their role within PTA. Access to quality educational resources is a key component in supporting this success, as well as continuing to build strong Local and Council PTAs.

## FOUNDATIONS

*FOUNDATIONS* courses provide a broad overview of “what” PTA is, and share important information that every PTA leader should know. In addition to the courses offered for all board members, Texas PTA has also created a series of brief *FOUNDATIONS* courses that provide general information for many Local PTA board positions. It is important to note that these position-specific courses are not meant to be comprehensive training, rather a quick review of each position for newly-elected or prospective nominees. Other than *FOUNDATIONS: Leader Orientation*, all *FOUNDATIONS* courses are web-based presentations.

### ALL BOARD MEMBERS

- Council PTA Board Orientation
- Inclusiveness
- Leader Orientation
- Local PTA Board Orientation

### POSITION SPECIFIC

- Arts in Education
- Communications
- Environmental Awareness
- Fundraising
- Healthy Lifestyles
- Historian
- Legislative Action
- Membership
- Parent Education Programs
- Parliamentarian
- President
- Secretary
- Treasurer
- Volunteer Coordinator

## BASICS

The *BASICS* series contains detailed information to support volunteer leaders in their specific board position. Texas PTA strongly encourages every board member to attend a *BASICS* course for their own position, as well as any other related positions.

*BASICS* courses are currently available for face-to-face presentations during LAUNCH and through your Council PTA or Field Service Representative, as well as scheduled web-based trainings hosted by Texas PTA. In addition to the training presentation, all *BASICS* courses have a companion Resource Guide, Quick-Start Guide, and Duties-at-a-Glance. These guides are available via download from the Texas PTA website or for purchase through Texas PTA’s STAR Co-op (online store). Courses marked with an asterisk (\*) will debut at a future date.

- Arts Education
- Communications
- Environmental Awareness\*
- Fundraising
- Healthy Lifestyles
- Legislative Action
- Membership
- Parent Education / Programs
- Parliamentarian
- President
- Secretary
- Treasurer
- Volunteer Coordinator

## SPOTLIGHTS

PTAs have many unique programs, processes and responsibilities as healthy, thriving non-profits. *SPOTLIGHTS* courses offer an in-depth review of some of these most important and recurring PTA functions.

*SPOTLIGHTS* courses are available during LAUNCH and through on-demand, web-based presentations hosted by Texas PTA.

- Bylaws and Standing Rules
- Conducting a Meeting
- Financial Reconciliation
- Nominations and Elections

# CONTACTS

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L  
L6343  
Fundraising Resource Guide

\$7.50



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