

# **FIDUCIARY RESPONSIBILITIES**

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# WHO? WHAT? WHY?

Who?

All PTA members

What?

Accountability to your membership

Why?

Fiscal responsibility to the association

# MISCONCEPTIONS

- It's the treasurer's responsibility...
- Why question and start drama...
- Sally would never do that...
- Well, I didn't know...
- Who am I to question...



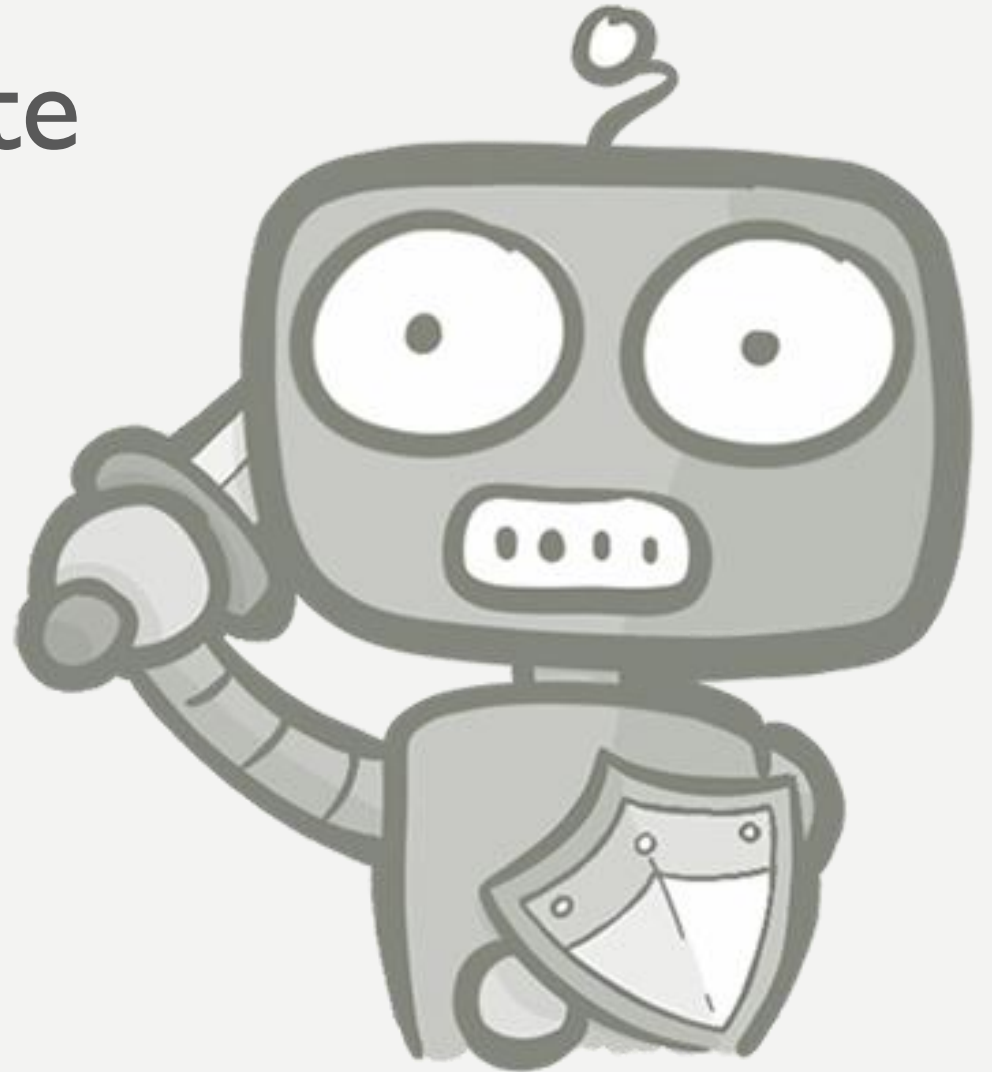
# FINANCIAL TRANSPARENCY

- Transparent – free from deceit, readily understood and assessable information
- Responsible parties – treasurer, board members, and committee members
- Importance – it's the right thing to do, risk of fines and loss of tax status



# DUTY OF CARE

- Listen, Speak, Participate
- Attend meetings
- Act in *Good Faith*
- Stay informed
- Develop



# LEGAL PROTECTION

- Federal law protects volunteers from punitive damages
- Limitations
  - Good faith – reasonable belief, no cause to suspect illegal activity
  - Gross negligence & willful misconduct
  - Individual is protected, not the organization
- Insurance



# MUST DO'S!

## EACH UNIT SHOULD...

- Send monthly dues to the Florida PTA office in the amount of \$3.50 per member.
- Have insurance
- Have approved bylaws (within 3 years)
- Follow the 3:1 rule
- Treasurer's report at all board and general meetings
- 3 people minimum on the back account
- All checks signed by two signers
- File the proper IRS 990 form annually by November 15

# **GENERAL CONTROLS & BEST PRACTICES**

- Paper trail for every financial transaction
- Maintain original documents
- Control and limit access
- Establish routines and follow rules (Standing Rules and P&P)
- Check on bank account and balances
- Don't ever be afraid to ask questions



# **BANKING INFORMATION FOR BOARD MEMBERS**

- Each unit **MUST** have their own bank account. No PTA monies may ever go into a school or personal account.
- PTAs can maintain any of these accounts: checking (most common), savings (savings for a special project), cd's or other forms of bank accounts (for units with a larger cash flow).
- PTAs may earn interest.
- Only the board can approve changing banks.
- 3 signers on the account (minimum)
- Signed electronic contract if unit allows for credit/debit card. Must be addressed in Policies and Procedures.

# PTA FUNDS

- PTA funds belong to the PTA membership, not the board, treasurer, principal, or school.
- Avoid giving undesignated funds to the school.
- Projects must be approved by membership before executing contracts.
- Bond insurance for all members handling funds.
- Always confirm with county council and school board for county-specific requirements.

# UNRELATED BUSINESS INCOME

This information can be found in the Dollars and Sense Manual located on the Florida PTA website. [www.FloridaPTA.org](http://www.FloridaPTA.org)  
Under Running your PTA/Officers

- 501(c)3 Tax-exempt status means that the PTA does not pay federal income tax on revenue from activities that are substantially related to the purpose for which the PTA was given exempt status. However, the PTA may be required to pay tax on other types of revenue referred to as UNRELATED BUSINESS INCOME (UBI). The net income from such activities will be subject to UBI tax if these three conditions are met:
  - The activity constitutes a trade or business.
  - The trade or business is regularly carried on.
  - The trade or business is not substantially related to the exercise or the performance of the organization's exempt purpose.
- Note: Trade or business includes any activity carried on for the production of income from selling goods or performing services. The law requires nonprofits to report unrelated business activities when gross receipts are at least \$1,000 collectively by filling IRS form 990-T and pay taxes on such income. Nonprofits also risk losing their tax-exempt status if such activities become the primary focus and make the tax-exempt mission secondary.
- There are some exceptions to UBI
  - If the activity is conducted substantially by volunteers (such as box tops, Campbell's labels), or
  - The sales of donated merchandise (such as used uniforms).

# UNRELATED BUSINESS INCOME (CON'T)

## Definitions

**A trade or business** - For the activity to be considered a business, the nonprofit must take an active role in the generation of the income. The activity must provide income, but does not have to produce a profit.

**Regularly carried on** - IRS regulations state that activities that are carried on only “discontinuously or periodically” will not be considered to be regularly carried on. If an activity is of short duration, but follow-up or preparation is carried on over a long period, the income from that activity could be UBI. An activity occurring only once per year may yield UBI if a commercial company performing the same activity is active only once a year.

**Unrelated to the association’s tax-exempt purpose** - If an activity is not substantially related to the PTA’s mission, then it could be considered unrelated to fulfilling the tax-exempt purpose of the PTA. The substantial relation of the activity to the PTA’s tax-exempt purpose cannot come solely from the PTA’s need for money. The destination or use of the income has no bearing on whether it is unrelated business income. The determination is made by how the income is earned.

All IRS forms and publications may be obtained for free from the IRS. Call (800) TAX-FORM (829-3676) or visit [IRS.gov](https://www.irs.gov).

**WE RAISE MONEY TO  
EXIST, WE DO NOT  
EXIST TO RAISE  
MONEY**

**FUNDRAISING AND THE PURPOSE OF PTA**

# FUNDRAISING AND THE PURPOSE OF PTA

- Promotion of the PTA mission and purposes should be the primary emphasis in PTA. PTA's mission is "to make every child's potential a reality by engaging and empowering families and communities to advocate for all children." Fundraising is not a primary function of PTA.
- When PTA's invest their human resources in programs that improve homes, schools and communities, they can provide benefits for children and youth with very small outlays of money. PTA-sponsored programs can provide enrichment activities for families. PTA's can work with other community organizations on community-wide issues that match up to PTA priorities.
- All funds generated by a PTA, including the local portion of dues, should be predetermined and budgeted for purposes that advance PTA work, such as participating on committees, and undertaking projects and programs. Participation in state and national PTA conventions is an appropriate and important use of PTA funds.
- Children should never be exploited or used as fundraisers.



**QUESTIONS?**