

Leadership Town Hall FAQ's

Is there a way to earmark funds raised this year that were designated for specific use so that next year's board will spend funds as originally intended by this year's board?

Only if those funds were specifically restricted when they were raised. If the funds were collected specifically to support a program or event and that was clearly communicated to the donors at the time of donation, then those are restricted funds and can only be used for their designated purpose unless you obtain permission from the donors to remove the restriction. Restricted funds should be held in a separate bank account until they are used.

If the monies are a part of the PTA general fund and intended to be used for a particular program/event but are not donor-restricted funds, the current board may encourage the next board to hold the program/event as was originally intended this year. But the current board cannot encumber future boards and cannot require that the next board/association spend those funds as originally planned. Every year the members of the association vote to approve the programs, fundraisers and budget of the PTA for that year and they may choose to discontinue prior programs/events or add new ones as they see fit.

What do we do with pending reimbursements for this term?

Pay them as soon as possible. Checks may be mailed to another authorized signer to obtain the required second signature if necessary. Payments may also be made using your bank's bill payment service or via Electronic Funds Transfers if that's an option with your bank. All necessary authorization forms should be completed prior to any disbursement of funds. Electronic/digital signatures are acceptable on payment authorization forms.

What are the suggested methods of EFT transactions? What are the suggested methods of outgoing EFT transactions such as PayPal, Venmo, etc.?

In general, using your bank's bill payment system is usually the best method for processing EFT transactions.

The California State PTA *Toolkit* was amended on May 16, 2020 to allow for payments to be made using large, online payment collection systems designed for business use, including PayPal, Square, etc. Small, person-to-person payment apps which do not have bank level security and are not intended for business use (such as Venmo) should not be used by PTAs for any reason. The applicable portions of the Financial Procedures for the Internet section of the *Toolkit* now read:

Online payment collection systems designed for business use (i.e., PayPal, Square, merchant account) are an approved method of collecting revenue. Authorized expenses may be paid from this type of account as long as all PTA financial policies and procedures are followed. A separate bank account (with account signers as listed in the minutes) is recommended but not required to restrict Internet access into the general checking account. Use of this account

should be limited to online payment collections and online payment of expenses. An Authorization to Transfer Funds Between Accounts form must be used to transfer funds from the online/Internet account into the general checking account. An Authorization for Payment Via EFT/Bank Bill Pay Services signed by two authorized check signers must be completed for all payments, from an online payment collection system, in addition to the Payment Authorization Form approving the expenditure. All revenue must be accounted for and reported in the monthly treasurer's reports. Online payment collection system accounts require separate semiannual audits.

Cyber Liability Insurance Coverage is recommended to protect against possible losses due to the use of online payment collection systems.

Person-to-person payment apps which are not designed for business use and/or which are not protected by FDIC insurance and bank-level security features, should not be used by PTAs.

Please note that it may take several weeks for the updated Toolkit language to be posted online.

I was told by my council that during this time we will be allowed to have only 1 signer on checks and check authorization forms... that the treasurer can write the check and then email the president with the check information and the president will then reply with an electronic approval of whatever check is being referenced. Then the treasurer will print out that email with the president's approval and attach it to the check authorization form. Is that still accurate?

Two (2) authorized signatures are required on EVERY check. This requirement has not been changed or suspended. Electronic/digital signatures on payment authorizations and other forms are allowed but checks must have two "wet" signatures.

How do two people sign the check with social distancing? We always have two signers on check but can we be flexible for this time?

Unfortunately, the requirement to have two authorized signatures on every check is part of California State PTA's Bylaws and is thus not changeable except as a state bylaws amendment. When payments by check are necessary, the check can be mailed to a second authorized signer. If an additional stamped envelope, addressed to the check recipient, is included with the check, the second signer can then mail the check to the recipient directly.

We had a few units ask about "mobile deposits" with many bank branches not allowing particular walk in transactions. Can we do mobile deposits?

Yes, deposits consisting ONLY of checks may be made via mobile deposit as long as a deposit slip or its equivalent is obtained immediately after the deposit is made. This "proof of deposit" must be attached to the cash verification form. Remember: ALL monies (including checks) must be counted by at least two people and a Cash Verification Form must be used and signed by all parties. This requirement still applies to mobile deposits.

Cash must always be deposited in person at a bank. If the bank lobby is closed, cash may be deposited via a drive-thru teller or an ATM deposit.

Are PTAs still expected to allocate full allocated earnings in this fiscal year?

PTAs may carry-over funds from year to year in order to facilitate operations and ensure the continuity of the organization. Current California State PTA guidelines recommend that unrestricted reserves should not exceed 50% of the association's budget for an average year. Generally accepted nonprofit guidelines recommend that a nonprofit's unrestricted reserves not exceed two years worth of operating expenses.

Can PTAs gift money or purchase PPE and items such as masks and thermometers?

PTAs may gift money to schools for the purpose of purchasing PPE, masks, thermometers, etc. Be sure to check with your school BEFORE making any such donation. We recommend using a Fiduciary Agreement whenever making a donation to your school/school district. A sample Fiduciary Agreement can be found in the California State PTA *Toolkit* at <http://toolkit.capta.org/>.

If we donate to the school. what can they spend it on? What are the criteria?

If you give a school an *unrestricted* donation, meaning no conditions are attached to the donation in writing, they may use it for any purpose they choose. To ensure that the PTAs donation is used as intended, you should restrict the donation by using a Fiduciary Agreement or similar written document. Using a Fiduciary Agreement allows the PTA to specify exactly what the donation may be used for, timeline for the donation to be used, and can mandate the return of any unspent funds to the PTA.

Can you reiterate on gift cards for culminating students and staff appreciation?

In California, **PTAs may NOT purchase and give gift cards/certificates** to individuals or groups, including staff and students.

Can you pay restaurants for gift cards?

NO. In California, **PTAs may NOT purchase and give gift cards/certificates** to individuals or groups, including staff and students.

Is purchasing a ticket for an experience, like a ticket to an amusement park, in lieu of a party for graduating kids allowable? Or is that basically the same as purchasing a gift card?

This would be considered giving a personal gift and would violate both the IRS prohibition on public charities allowing more than an insubstantial accrual of private benefit to individuals or organizations and California State PTA policy, which states "PTA funds should not be used to purchase personal gifts." (See "Personal Gifts," California State PTA *Toolkit*)

One of our units is using 8th grade party funds from the budget for 8th grade students' graduation gifts. Is that ok?

NO. PTA funds should not be used to purchase personal gifts

Funds raised for graduation are funds given by parents to be used for this year's students. Could those funds not be used to buy items for the students? These would not be gifts because they have already paid in advance for an event.

Buying items for these students WOULD be considered gifts. **You may not purchase and give gifts to individuals or groups (including students or staff).** If you have no way to use these funds (or they are in excess of what you can legally use), you should ask the donors if they will release the restrictions on these funds and become general donations to PTA or if they want their donations returned.

Are t-shirts considered gifts?

If your PTA purchases and sells spirit wear at cost and/or provides it at no charge to students/staff, this would be considered a PTA program. If your PTA sells spirit wear as a fundraiser, then giving t-shirts would be considered giving gifts to the recipients.

Can we get signs for 5th grade?

Yes. Generic signs saying "Congratulations to the graduating 5th Graders from ABC Elementary" or something similar would be considered hospitality provided to the graduates, similar to the PTA hosting a graduation celebration and decorating for it.

Can we buy food and donate to needy families at the school?

PTAs are not organized for the purpose of providing emergency relief, so we may not give money (including gift cards) or other assets to specific individuals or families in our school communities, regardless of need. The PTA may donate to other community organizations, such as food banks, if they are 501(c)(3) nonprofits and the association voted to do so.

A few PTAs have created or are supporting "food pantries" on their school campuses, with the permission and assistance of the school and school district. Operating or supporting a food pantry that is open to all school families is not the same as supporting specific individuals/families and does not appear to violate the IRS prohibition on private inurement of benefit.

Our school asked us for a cash donation to buy groceries for needy families during the crisis. Is this allowed if you give them a check and they give us a breakdown of how the funds were used to buy the groceries and what families they went to?

If the PTA wishes to make a donation to the school to provide assistance to needy families in general, the PTA should make a donation via check. The school should not provide a breakdown of which families it is assisting, to the PTA or anyone else, as this would be a violation of student privacy. Remember that all donations to the school/school district must be approved by the association in advance and should be accompanied by a Fiduciary Agreement.

What about if you were given a grant to host an event, for example the TikTok internet safety grant, and you were unable to use funding but have been informed you may now spend the funding towards helping out your community. Then are you able to buy food to help out families in need?

The IRS prohibition on 501(c)(3) nonprofits making donations (cash or materials) to specific individuals or families still applies. Consider making a donation to a local food bank/food pantry or to your school district to support their school lunch program.

Is there a procedure on issuing a "rain check"? How can we have a "rain check" as to staff appreciation gifts if we are not able to encumber the next board? This is assuming we can have our luncheon later in summer but after the fiscal year ends.

When the association votes on a preliminary budget for the next fiscal year, it should include funds for any activities the PTA still would like to hold but was not able to hold before the end of the fiscal year. This could include activities/events for staff appreciation. If the preliminary budget is approved, those events could be held over the summer, as feasible. The PTA may **not** purchase or give staff appreciation "gifts."

Best practices for refunds to be made this year? Does the board or association need to approve a motion to refund?

Yes, the board and association must approve all refunds. Best practices for issuing refunds would be:

- Refunds should be issued using the same method as the original payment to the greatest extent possible. Cash payments should be refunded by check.
- Complete one payment authorization form for all refunds being issued by check. Attach to the payment authorization form a complete list of all check refunds including the payee name, check number, and check amount. The board and association can then vote to approve all refunds by check *en masse* (all together).
- Complete one payment authorization form for all refunds being issued via credit card. Attach to the payment authorization form a complete list of all credit card refunds including the payee name, confirmation number, and refund amount. The board and association can then vote to approve all refunds by credit card *en masse*.
- In the event that it is only possible to obtain board approval before issuing refunds, the refund payments must be ratified by the association at the next association meeting.

For individuals who purchased prize calendar tickets and didn't receive a prize, do they need to be contacted or not because it's a raffle? (This fundraiser already occurred.) Sales of goods/services are not considered donations. In the case of a raffle, the "item" purchased was an opportunity to win a prize. That is not considered a donation and participants are not entitled to a refund after the raffle has concluded.

We had a program/event scheduled and the vendor wants to credit us for the same event next year. Is that ok? How should we close that out for this year?

Yes. If the association approves, carry-over credit for the program/event to the next fiscal year is allowed. This should be brought forward as a motion and the results recorded in the association minutes. The expense would remain on this year's budget and financial reports. Include the program/event on next year's budget with an expense of \$0 and include a note indicating that it was paid for in the previous year.

Can we keep all our monthly Reports & Disbursements electronically and no longer in a binder? Like on a Google Drive.

Current fiscal year records, including cash verification forms, payment authorization forms, bank statements, etc. should be maintained on paper until after the year-end audit has been completed. After the year-end audit has been completed, records may be converted to electronic/digital records if that is acceptable to the board and association. ALL electronic/digital records must be backed up for safekeeping. Please refer to the Records Retention Schedule in the *Toolkit* for details to ensure that you keep all required records for the required time periods.

We can't enter a contract, does that include changing banks?

Changing banks and opening/closing bank accounts requires the approval of the association members in advance. If such an action has already been approved, it must be completed prior to the end of the current board's term. If the action cannot be completed before the end of the fiscal year, the next board will be responsible for changing banks and/or opening/closing bank accounts as previously authorized.

Have audit and tax return filing deadlines changed or stayed the same?

Year-end audit deadlines have not changed.

Taxes:

- For the 2019-2020 year, there is NO change. Tax filings will be due November 15, 2020 for units whose fiscal year ends June 30th.
- If your PTA, filed for an extension for the 2018-2019 tax return, and your extension due date was May 15, 2020, you now have until July 15, 2020 to file.

Can we do the Audits electronically?

No. The auditor needs to examine the actual physical records of the PTA.

Should we prepare two budgets for the different scenarios?

We suggest creating one budget and including notes. Your association will approve the budget at the first association meeting and approve changes throughout the year, so there will be ample opportunity to amend the budget as needed when circumstances change. With the current uncertainty, we suggest you overestimate expenses and underestimate income when preparing your initial budget.

Can you be less specific in your line items for next year's budget in order to be able to be more flexible with expenses? For example, technology vs. Zoom expenses?

Yes. Your budget categories can be broad as long as the association approves. A line item for "communications" for example could include expenses like a Zoom subscription, website hosting, and copies of paper newsletters being sent home with students.

Would you recommend lowering the amount of funds coming in next year?

Yes. It would be prudent to assume that revenue/income in 2020-21 will be less than usual.

Are PTA's allowed to give a budget to teachers for a stipend as appreciation week?

Classroom supplies are an acceptable budget line item but all such expenses should be paid from receipts. PTAs should never pay stipends.

Our books are still with the council auditor because of COVID-19. Can we still conduct elections without it and still release money for minute purposes until we get the books back?

Yes. The status of your audit does not affect your ability to hold elections. It also does not affect the association's authority to authorize expenditures and release funds.

If we host a school event like a parent child paint night or art event where we charge a nominal fee to cover some of the costs, can we also offer free entry for needy families (the same families who qualify for free lunch at the school)?

Yes. This event is not a fundraiser – it is a program. The PTA may set participation guidelines, including attendance fees, as it deems appropriate. As a suggestion, you might consider converting from a participation fee to a "requested donation" from participants. You might receive more funding in support of this event via that method. When will CAPTA provide direction on completing the CT-TR-1 form?

Very soon. An annotated version of the form is being drafted and should be available for release by the beginning of June. A presentation on how to complete the form is also in the works.

Can money fundraised by culminating students to be used for things like camp and promotion be used by that class after the year ends?

If next year's association votes to allow that, yes. See responses to previously asked questions for what the funds may and may not be spent on. If there are excess funds that are restricted, the donors should be contacted and asked if the restrictions can be removed or if the funds need to be returned.

Zoom needs a credit card, how do we work that? PTA leader would of course get refunded but then their card is on the account and they are at risk.

Check to see if you can provide payment directly from a PTA bank account (should not be the general checking account) or if the PTA can purchase a prepaid card and use that instead of an officer's personal card. You may also create a PayPal or similar account to use to pay for items like this. See answers to previous questions and refer to the California State PTA *Toolkit* for more [information](#).