PROPER USE OF PTA FUNDS

For many years, PTA leaders throughout Maryland have asked for a detailed guideline of how PTA funds should and should not be spent. The following list, created by Maryland PTA, was reviewed and approved by the National PTA and the National PTA’s attorneys for use in Maryland.

PTA FUNDS SHOULD BE SPENT FOR:
(In alphabetical order; not prioritized)

**Awards** - Purchase and presentation of certificates, frames, trophies, plaques, etc., for outstanding service by students, teachers, parents, volunteers, administrators, and members of the community; especially awarding of National PTA Life Achievement Award and Maryland PTA Life Achievement Award.

**Communications/Publicity** - Flyers, photographs (purchase of film and development), announcement boards, letters, etc., about PTA and School individuals, activities, awards, etc.

**Classroom/School Enrichment Programs** - special equipment or special field trips, special cultural arts presentations for activities beyond curricular demands. **PTAs must ensure that the equipment or program can be demonstrated to relate to the curriculum.** PTAs may fund new and/or experimental programs during the initial year, while evaluating the success of the program. **Responsibility for continual funding of successful programs should then be transferred to the local Board of Education.**

**Committee Expenses** - expenses required for standing, special and Ad Hoc committees to perform their duties.

**Cultural Arts** - Sponsorship of Cultural Arts programs, in particular, the National PTA Reflections program.

**Family Involvement Fellowships** - fun nights, puppet shows, magic shows, etc. that are held in an effort to bring about family involvement and participation.

**Field Trips** - PTAs may fund or subsidize extracurricular field trips for students. **HOWEVER, PTAs should be aware of two areas of responsibility that they bear:**

1) **The IRS requires that the PTA be able to demonstrate how the field trip is directly related to curriculum.**

2) **The PTA may be liable for any injury or damages that occur during the field trip.**

**Fund Raiser Costs** - The up-front costs of conducting an acceptable fund raiser. (Refer to page 32 of this publication for acceptable fund raisers.)

**Guest Speakers** - Funding/fees for guest speakers at PTA meetings.
**Hospitality** - Refreshments provided for meetings, conferences, public hearings, PTA social activities, etc., including purchase/rental of coffee pots, soft drink coolers, paper ware, etc.

**Leadership Training** - PTA Workshops, Conferences and Conventions on the county, State and National levels. (Registration, transportation, meals, parking fees, etc.)

**Legislative Activity** - Local, State, and National PTA-related legislative activity. Attendance at meetings, hearings and conferences dealing with education budgets, legislation relating to the health and/or welfare of children and youth, legislation related to changes in the federal, state, or local education system, etc. (fees, transportation costs, parking fees, and sustenance) development, production, reproduction, distribution, and mailing costs of flyers, letters and other announcements.

**Membership Supplies** - envelopes, stamps, stamp pads, flyers, posters, etc...

**Memorials** - planting of trees, shrubs, or perennial flower beds, or memorial donations to the Maryland and National PTA scholarship funds in memoriam of students, teachers, administrators, and PTA leaders who pass away.

**Parent Workshops/Seminars** - funding of workshops and seminars for parents with regard to education, health, substance abuse, CPR, welfare, parenting and other community issues.

**Postage & Stationery** - letterhead, envelopes, stamps, mailing boxes, etc...

**Promotional Items** - items given away that promote the school and/or PTA. Pennants, bumper stickers, pencils, pens, banners, key chains etc...

**PTA Dues** - National, State and Council dues.

**PTA Newsletters** - development, production, reproduction, distribution and mailing costs.

**PTA Publications** - all officers and the Principal should receive subscriptions to “Our Children”, the “Maryland PTA E-Newsletter” and the PTA Council newsletter.

**PTA/School Related Celebrations** - Back To School Night, American Education Week, Founder’s Day, Teacher Appreciation Week, etc. (Decorations, refreshments, banners, etc.).

**Reproduction Costs** - for PTA-related newsletters, flyers, programs, announcements, etc.

**Scholarships** - monetary scholarships for graduating students who have ties to the respective school.

In accordance with IRS regulations, the PTA bears the responsibility of ensuring that the funds presented to the respective graduates are, in fact, used to further education and/or training.

**Special Events** – Dances, Movie Nights, Ice Cream Socials, Teacher Appreciation.

**Volunteer Appreciation** - celebrations, refreshments, certificates, plaques, etc. to reward ALL of your hard-working volunteers.
CAUTIONARY USE OF PTA FUNDS
(All of these items should be supplied by the local Boards of Education)

Basic School Supplies – textbooks, workbooks, library books, pencils, crayons, poster board, art supplies, chalk, tape, glue, notebooks, etc...

Capital Improvements - purchase/repairs of windows, doors, rugs, draperies, standard lighting, cooking appliances, stage equipment, gym equipment, etc...

Contributions to Other Associations - PTAs may not make monetary contributions to non-charitable organizations, no matter how worthy the cause.

Funding of School Personnel - providing wages and/or benefits for additional teachers, instructional assistants, administrators, staff personnel, therapists, nurses, counselors, custodians, etc. (PTAs may have to reimburse the local school district for the cost of custodial services whenever the PTA is conducting an activity in a school building on a Saturday, Sunday or holiday.)

Janitorial Supplies - brooms, mops, pails, detergent, soap, paper towels, toilet paper, floor wax, buffers, vacuum cleaners, etc...

Playground Equipment - swings, slides, climbing bars, see-saws, protective surfaces, fences, sandboxes, etc. (PTAs should be aware that if they purchase and/or pay for the installation of any playground equipment, they may be liable for ANY injury sustained by ANYONE using the equipment at ANY time; and such liability would NOT generally be covered by the PTA’s liability insurance.

Presentation Equipment - film projectors, overhead projectors, slide projectors, video camera, video projectors, televisions, radios, record/tape/CD players, etc.; and/or the repair thereof.

Principal’s Discretionary Fund - block grants that are given to principals to use for educational expenses.

School Office Equipment - copiers, copy paper, fax machines, shredders, telephones, public address systems, desks, chairs, equipment maintenance contracts and/or repair of any such equipment.

Teacher Development - continuing education/college fees for teachers, instructional assistants, therapists, nurses, and/or administrators.

Technology - computers, monitors, printers, scanners, modems, and the associated infrastructure.
**FISCAL YEAR**
The fiscal year - or operating year - of an organization is any 12 consecutive month time period for which budgets are prepared and for which financial reports (including reports to the Internal Revenue Service) are prepared. It must cover the full year usually beginning on the first day of a month and ending on the last day of the preceding month in the following year (i.e., July 1 to June 30).

The fiscal year for all PTA’s is July 1 to June 30 and can not be changed in accordance with # Article XIV.

**DONATION OF EQUIPMENT**
Donations or contributions of materials and/or equipment to a school district become the property of the district and the district is free to use the equipment in any manner it deems appropriate.

**GRANT PROCESS FOR EQUIPMENT**
It is recommended that a local PTA unit establish a “grant” process if a PTA wants to purchase equipment for a school. After assurance that the school wants the equipment, the grant agreement should be signed between the PTA and the school principal. The agreement should specify:

1. The amount of the grant.
2. The "sole and express" purpose of the grant.
3. A date by which the school must spend the grant funds.
4. Unused grant funds must be returned to the PTA.

The PTA should then provide the money and allow the school to make the purchase.

**HOLD HARNESS PROCESS**
If a PTA does purchase material or equipment for the school, a "Hold Harmless Agreement" should be initiated to transfer ownership to the school and to provide that the school will assume the responsibility of ownership. The school should agree to:

1. Accept ownership of the described equipment.
2. Accept responsibility for the installation, operation, and maintenance of the described equipment.
3. Hold the PTA harmless from any claim or lawsuit arising from damages caused by or from the use of the equipment.

A Sample Hold Harmless Agreement is on the following page.
SAMPLE GRANT AGREEMENT

_____________________ PTA hereby gives to the ____________________________ School a monetary
grant in the amount of _______________Dollars ($_____________) by check number __________.

This grant is for the sole and express purpose of:
________________________________________________________________________________________
________________________________________________________________________________________

It is agreed, that the grant funds will be spent for the stated purpose on or before: ____________ or the funds
will be refunded to the PTA. Any unused or unexpended funds will be refunded to the PTA. The School will
provide a complete accounting of the expenditure of the grant funds to the PTA.

The School agrees to maintain the above-described property at ____________________ for a period of not
less than _______________ years from the date of purchase.

Date: ____________________  __________________________________________
PTA Officer

Date: ____________________  __________________________________________
PTA Officer

Date: ____________________  __________________________________________
Principal

SAMPLE HOLD HARMLESS AGREEMENT

The ________________________PTA presents to the ____________________________ School the follow-
ing described equipment:

The School hereby agrees to:
1. Accept ownership of the above-described equipment.
2. Accept responsibility for the installation, operation and maintenance of the above-described equipment.
3. Hold the PTA harmless from any claim or lawsuit arising from damages caused by or from the use of said
equipment.
4. Keep the above-described equipment at ____________________ for a period of no less

    years.

Date: ____________________  __________________________________________
PTA Officer

Date: ____________________  __________________________________________
PTA Officer

Date: ____________________  __________________________________________
Principal

(The hold harmless agreement should be dated and signed by the school principal and two elected PTA offic-
ers.)
FAQ’S

(Frequently Asked Questions)

Q.  I was told at one of my Council’s workshops that PTAs should not hold “adult” fund raisers, such as Bull Roasts, where beer and wine are served.  Yet I know of a PTA on the other side of town that is holding a Saturday Night Party fund raiser where all kinds of alcoholic beverages will be served.  How can they do it if we can’t do it?

A.  As in any case where a PTA is doing something that it is not supposed to be doing, that PTA either - 1) did not bother to contact its PTA Council office or the Maryland PTA Office for guidance in the matter, or 2) knows that it should not be doing this and has decided to do it anyway, regardless of the risk.

Q.  It is my understanding that PTAs have to pay Maryland State Sales Tax on everything they buy, yet I know of a PTA that has a State Sales Tax Exemption number.  How did they get it?

A.  They do not have a State Sales Tax Exemption number.  They are probably using the school’s exemption number, which is only legal when being used to purchase capital equipment directly for the school through the proper channels.  The schools are State Sales Tax Exempt; PTAs ARE NOT!

Also, be careful not to confuse a Sales Tax Exemption number with a Sales Tax Account Number.

Q.  When can I use the Blanket Certificate of Resale?

A.  When you are purchasing items for reselling, you would provide this Certificate to the vendor. With the new law going into effect July 1, 2013, Maryland PTA is unsure of its future use.

Q.  With all this attention being paid to IRS and Maryland Sales Tax requirements, has any PTA in Maryland every really been audited by the IRS?

A.  YES, several in recent years.

Q.  Has any local PTA ever been fined for failure to pay Maryland State Sales Tax?

A.  YES, several in recent years.

Q.  What would happen if my local PTA refused to pay our National and State dues?

A.  Failure to pay these dues would lead to a situation where the Maryland PTA would have to formally notify the IRS that the unit is no longer operating as a “PTA”.  This would cause the PTA to lose its charter along with its federal income tax exemption.  This would probably result in the local PTA unit’s books being audited by the IRS, and their assets seized and distributed to charitable needs according to law.

The bottom line is: If you want to be a PTA, you must pay your dues to the Maryland and National PTA.
Q. One of our Board of Directors members is also active with United Cerebral Palsy of Maryland and UCP is about to begin its annual fund drive. Can our PTA make a monetary donation to UCP?

A. Yes, as long as it is another 501(c)(3) organization. It will be the PTA’s responsibility to document information related to this donation (including details on the receiving group) so they can provide it to the IRS if they are ever audited.

Q. I’ve been having trouble getting my Board of Directors/Executive Committee to approve a budget that contains a significant amount of money appropriated for Leadership Training - attending our Council’s workshops and the Maryland PTA’s Annual Convention and Regional Trainings. They feel that the money we raise should first go to the needs of the school; and then if there’s any money left over, we can use that for training. What should I do?

A. Tell them they have it backwards. Leadership Training is not only the most important budget category that your unit should be spending its money on; the IRS requires it.

Q. Our PTA is about to sponsor a roller-skating party at the local roller-skating rink. We have heard that roller-skating is not covered by our liability insurance, so we have issued “permission slips” to our parents to sign as “hold harmless” forms. That will protect us from any lawsuit, won’t it?

A. Skating events ARE covered by Maryland PTA’s insurance policy. You will need to contact the insurance agent for the proper forms.

Q. Since checks should not be written to “cash”, how does our PTA obtain funds to be used for start-up change for an event?

A. A check, charged against the event budget line item, should be written to the chairman of the event or the person responsible for handling the funds for the event. That individual should cash the check to obtain the start-up funds. The start-up funds should be listed separately in the accounting to be sure they are not included as income for the event. The start-up funds should be listed and deposited as a return of funds (a negative disbursement) to the budget line item that was the original source of the start-up funds.

Q. If I am chairing an event that requires me to outlay a substantial amount of funds to purchase supplies. Can I be issued a check before hand so I don’t have to use my own money?

A. Yes; as long as you properly complete an Advance Request form, sign it, and understand that you MUST forward ALL receipts after you make the purchases, and you MUST return any unused portion of the advance funding. It is preferable to have the check made payable to the item(s) supplier if you are buying all of your supplies in one place. (See Appendix for sample form)
Q. **Our PTA would like to sponsor a field trip to an Oriole game at Camden Yards for our third-graders. Is this acceptable?**

A. The IRS requires that the PTA be able to demonstrate how the PTA-sponsored field trip is directly related to curriculum.

Q. **My PTA has many members of the Board of Directors/Executive Committee that want to go to a National PTA Convention. Can the PTA help fund my cost even if I am not an officer for the current year?**

A. Leadership training for PTA leaders is a requirement under the IRS guidelines. How many of your PTA leaders can attend your Council workshops, the Maryland PTA Annual Convention, the Maryland PTA Regional Trainings, and the National PTA Convention, is controlled by how affluent your PTA is and how much money has been budgeted for leadership training. Generally speaking, first-time leaders or incoming leaders should concentrate **FIRST** on attending your Council’s Workshops, the Maryland PTA Annual Convention and the Maryland PTA Regional Trainings These events offer more for the local unit officer and for those who are trying to "get their feet wet". The National PTA Convention, while offering a substantial amount of good information for the local unit officers, is generally oriented more toward the seasoned PTA leader.

In addition, keep two things in mind.

1) The National PTA Convention is held in June, after the current school year ends and before the new school year begins. Newly elected officers have been known to resign before they ever start to perform their new duties. It would be most beneficial to your PTA, and a courtesy to the membership’s hard work at fund raising as well, if all delegates to the National PTA Convention were to have already served on the Board of Directors/Executive Committee in some capacity.

2) Attendance at the National PTA Convention and leadership training is not intended to be a reward for service performed. Therefore, funding for outgoing Board of Directors/Executive Committee members who will not be returning to the Board of Directors in any capacity should be carefully considered - **UNLESS**, they have won a major award for the unit through their hard work and they are going to the National PTA Convention to accept that award.

Leadership training for any PTA leader is good and useful, and the more trained leaders your unit has, the better. So the bottom line answer to the question is:

How much does your unit have budgeted for leadership training and how much will your unit get in return for its investment?