

Ways and Means

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The primary emphasis of PTA should be focused upon the promotion of the Purposes of PTA, not upon fund-raising. However, all PTAs need to do some fund-raising. PTA funds should always be used to further a PTA's educational purpose and should be raised in a manner that promotes a PTA Purpose.

The primary source of funds should be membership dues. The PTA should begin the year with specific program goals in mind before deciding what fund-raisers will be conducted to raise the necessary funds.

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

Fund-raisers should not be conducted simply to raise money for which there is no planned use. Check with other groups in the area to see what fund-raisers they are doing in order not to compete with one another. Timing as well as product need to be considered.

Relationship of members/students to fund-raisers

- PTA members are volunteers dedicated to improving the environment for their children. As such, no individual PTA volunteer shall profit monetarily from any fund-raiser.
- PTA boards should select and approve fund-raisers to preclude any potential "conflict of interest."
- Children must never be placed in a position of risk to further any fund-raising project.
- How money is handled, earned, or expended must be determined solely on the basis of maximizing the benefits available to children.
- The primary emphasis of PTA should focus upon PTA Purposes, not upon fund-raising.
- Units must refrain from organizing and participating in any fund-raising activity that may entice a student to go door-to-door (1998 New York State PTA Resolution).
- Award programs, if used, should thank and recognize all families for their help and participation, not just a few "top sellers." Do not use a program in which the value of a fund-raising award may entice door-to-door sales.

The Chairman's Duties

Before starting any fund-raiser the chairman should:

- Establish a plan of work.
- Coordinate and work with a committee.
- Comply with local, state, and federal laws and with school district rules.
- Check to see that the company is a recognized fund-raising company. How long has it been in business? Ask for and check references.
- Obtain the name of the company's local sales representative.
- Establish who will take care of problems-the company, the sales representative, or the PTA.
- Verify that the president has signed the contract or agreement. Remember, only the president may LEGALLY sign a contract.

Ask the following questions when planning a fund-raiser:

- Does the fund-raising event conform to the basic policies and Purposes of the PTA?
- Does the activity serve as a good example for children and youth?
- Does the project have the approval of the general membership?
- For what purpose will the money be used? How much will be needed? How long will it take to raise it?

During the fund-raiser the chairman should:

- Make certain that all money collected is turned over to the treasurer immediately.
- See that all money is always counted by two people from separate households, one of these being the treasurer, and a receipt verifying the amount is signed by both.
- Ensure money is promptly deposited to the PTA bank account.
- Present all bills to the treasurer to be paid by check- NEVER BY CASH!

Following the fund-raiser the chairman should:

- Report to the board and the association all expenditures and profit from the fund-raising event at the meeting immediately following the activity.

Criteria for PTA Fund-Raising

Fund-Raising Position

Resolved, that the New York State Congress of Parents and Teachers, Inc., seek to prevent the exploitation of children through PTA fund-raising, and be it further

Resolved, that children and youth should never sell door-to-door for PTA; and be it further

Resolved, that children and youth should never be offered prize incentives for fund-raising; and be it further

Resolved, that the New York State PTA educate its units and councils about the dangers involved in fund-raising practices which utilize children in the generation of sales and revenue; and be it further

Resolved, that all PTAs re-examine their fund-raising practices as to whether those activities promote PTA's Purposes.

**Adopted November, 1998
New York State PTA Convention Delegates**

Fund-raising should:

- Be carried on within the framework of PTA policies.
- Not be undertaken by a PTA if it is detrimental to character building.
- Make children's roles be either a natural outgrowth of regular schoolwork or a constructive leisure-time activity.
- Not allow children to be exploited or used as fund-raisers.
- Create good will for the PTA.
- Be approved by the association members.

Funds must be raised ethically and must conform to community standards.

- All income and expenditures must be recorded accurately.
- Proceeds from a fund-raiser must NOT be used to finance the work of any other organization or group.
- Units shall not consider lottery sales as a fund-raiser.
- Federal, state, and local laws, including school district policies, must be followed.

The 3 TO 1 Rule

When planning the year's activities, PTAs need to use the 3 to 1 Rule: There should be at least 3 non-fund-raising projects aimed at helping parents and children or advocating to every 1 fund-raising event.

National PTA Policy

Why Funds Are Needed

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

Leadership Training: Legitimate expenditures for payments of delegates' expenses to Summer Experience, PTA conventions (State and National), Region PTA conferences and workshops. Other areas include payment of delegates' expenses to meetings on education, health, safety, and similar topics, and/or conferences.

Legislation, Programs, and Parent Education: Expenses may include speakers, film/video rental, materials for a PTA library, and special programs such as Reflections for the children and general membership.

Bonding/Insurance: It is required that the unit pay the yearly premium for fidelity bonding for the treasurer and all other persons authorized to handle funds and securities of the association, as well as liability or property insurance.

PTA Administration: Expenditures for the secretary's and treasurer's record books, duplicating materials, office supplies, postage, telephone calls, and other necessary expenses of the president, officers, and chairmen.

Expenditures of all Committee Chairmen: Funds are needed for the preparation of newsletters and other material explaining PTA activities. Subscriptions to the *New York Parent Teacher* are available through the New York State PTA Office. *Our Children* is a National PTA publication and can be obtained through the National PTA. Funds should be set aside for chairman's guides, additional copies of the *New York State PTA Resource Guide*, and a second mailing from State PTA for the secretary or vice president.

Funds should be included for New York State PTA and National PTA National PTAs Life Achievement Award to PTA leaders and other civic leaders for outstanding service to children and youth. Other special honors include Distinguished Service Awards, a past-president pin, and other recognitions that further the Purposes of PTA.

Funds may be spent for other activities consistent with PTA Purposes and the needs of the PTA.

Top ten things to remember when fund-raising:

1. Have a specific goal for each fund-raiser. Regularly remind the committee and the volunteers of that goal and promote it to the community.
2. Assign an organized person to serve as fund-raising chairman.
3. If a fund-raising company is being used, know the company, check out references, check with Better Business Bureau and have a written contract.
4. Select a program that fits the needs of the PTA.
5. Make sure the product being sold represents a good value at a fair price.
6. Look for fund-raising activities that have educational value and promote community involvement.
7. Delegate and involve as many volunteers as possible.
8. Keep it short. People lose interest in long projects.
9. Don't overdo it. Remember kids are in school to learn and parents can only afford so much.
10. Have fun. It's got to be fun!

Online Fund-raising

Online Fund-raising has caught the attention of many PTA units, councils, and regions. This online version of the retail mall has participants receiving rebates based on online purchases.

While the NYS PTA is not a participant in the online fund-raising programs, units, councils, and regions are able to participate in these programs. There are many choices available to the PTA units to choose from in setting up an online fund-raising program.

The NYS PTA suggests the following considerations when choosing a company to use for online fund-raising:

- Will the company treat the PTA unit as the recipient of the funds, rather than the school?
- Does the company have a "cap" on earnings for the year? The program should be able to generate revenue year round, without any maximum cap on earnings to the PTA.
- Does the company's web-site use "framing"? This should not be allowed as it raises the issue of third party monitoring of the transaction, which could be a privacy violation.
- What is the privacy policy of the company? Can participants enter with a minimum registration (name and email address)? What will be done with the information collected?

- Is the user interface easy to use? Finding the participating unit should be possible with a minimum number of keystrokes.
- How are the participating merchants screened? A merchant that features tobacco, liquor, firearms, or adult content does not belong in a PTA fund-raiser. The PTA should have the right to request removal of offensive merchants.
- What customer support is available? Support to the PTA should be fast, friendly, and helpful.
- What is the financial incentive to the PTA? What is the percentage of the rebate being returned to the PTA? How is the rebate figured? Is there a minimum that must be earned before a check is sent to the PTA? How frequently are checks sent to the PTA?

The NYS PTA recommends that contracts not be "exclusive". PTAs should be free to join with more than one online company. Also, the participation of the PTA should be minimal. The local unit may make its members aware of the online shopping possibilities, but must not be involved in the ongoing promotion of the online company.

The NYS PTA recognizes that this is a new area, and questions may come up. Please refer these questions to your Region Director. We will keep you informed as our units gain more experience with the program.

Steps of Fund-Raising

The development of a budget is the first step in fund-raising. The budget committee develops a budget to meet the needs of the PTA for the fiscal year. All fund-raising projects should be shown as anticipated income in the association budget. The budget and plans for raising funds must be referred to the executive board for consideration. The association, at a general meeting of the membership, must adopt the budget and any plan for raising funds.

After the budget has been adopted, it serves as the financial guide for the fiscal year. Since the budget is only an estimate of the planned expenditures and income for the year, amendments may become necessary from time to time. When there are additional expenses or charges in an allocated expenditure or income, the budget must be amended by a vote of the association at any regular meeting or at a special meeting called for that purpose. Amendments require a two-thirds vote unless previous notice has been given, in which case a majority vote will suffice.

The treasurer is the authorized custodian of all funds of the association. He receives and disburses all money as indicated in the budget, as prescribed in the bylaws, or as authorized by the association.

IRS REQUIREMENTS

The PTA is required to file Form 990(EZ) and Schedule A with the IRS if the total amount of gross receipts for a fiscal year normally exceeds \$25,000. The completed form is due 4½ months after the end of the fiscal year. If PTAs give prizes where the value of the prize exceeds \$600, the PTA must provide an IRS Form 1099 to the recipient.

Fund-Raising Contracts

More and more fund-raising companies are asking for written contracts. It's a good idea because it protects the PTA and the fund-raising company to have all major decisions in writing. With a contractual agreement, both assume responsibility for complying with the terms, but the PTA also begins the fund-raising project with a clear understanding of who is responsible for what. Here are some things to look for when reviewing a fund-raising contract:

- Double-check all the numbers. Are the costs, percentages, etc., the same as those agreed upon?
- Are all of the needed services included? (For example: kick-off presentations, tallying, packing, and shipping.) Is it clear that the company covers the cost for these services?
- Are the promotional materials reviewed and approved listed? (Take-home brochures, display kit, sample packs, etc.)

- Are dates for payment and product delivery included and consistent with the verbal agreement?
- Is there a clause covering the procedure for handling damaged, unsold, or returned merchandise?

Also, make sure the contract is clearly an agreement between two organizations, NOT two individuals. Signatures on the written contract should appear as follows:

Jane Doe Fund-raising (Fund-raising Company name)
By: _____ (Company's representative)
ABC Elementary School PTA (PTA's Name)
By: _____ (PTA President)

Gambling for Fund-raising Dollars

In today's financial climate, there is more competition for the dollars that are available and, at the same time, society is showing an increased interest in gambling. Consequently, fund-raising and gambling seem to be a natural match.

However, the PTA does not recommend any form of gambling for raising funds to accomplish the goals of the National, state, or local PTA.

Gambling comes in many forms such as raffles, bingo, lotteries, and casino nights. Before the PTA becomes involved in gambling, it should know some of the rules and pitfalls. Because gambling is ripe for fraud, various federal, state, and local authorities monitor it. Become familiar with the laws before taking the first step, not after it is too late.

Raffles

Raffles by definition are illegal, but charities have been granted federal exemption from this prohibition giving them a monopoly on this game. In order to have a valid raffle, three elements must be present, including chance, consideration, and a prize. Regulation starts at the federal level. The U.S. Post Office has rules about mailing literature, advertisements, or the actual ticket across state lines to states that prohibit raffles. Generally, it is advisable for all literature involving raffles to contain a disclaimer stating "This raffle is void where prohibited by law."

States and municipalities also regulate raffles. Under the New York State Law that went into effect January 10, 1999, raffles are now legal but are regulated to a degree. Basically, the law requires that all non-profits have to have a ‘games of chance’ number to hold a raffle.

Some commonly asked questions and answers are:

1. What is a raffle?

A “raffle” is a game of chance governed by New York State law. It includes any game of chance in which a participant purchases a ticket, and a prize is awarded based on the selection of the ticket number (or other designation on the ticket) as a result of a drawing.

2. Is a 50-50 a raffle?

Yes.

3. What types of organizations can hold a raffle?

An “authorized organization” generally includes any religious, charitable, or educational organization that operates without profit to its members. Political parties and organizations formed primarily for the purpose of conducting games of chance are not authorized organizations.

4. Where can the raffle be held?

A raffle can be held in any municipality (village, town, or city) that has passed a “games of chance” law authorizing the conduct of games of chance by authorized organizations within the territorial limits of the municipality.

5. Is a license required to hold a raffle?

Normally, a license and identification number issued by the State Board of Racing and Wagering (the “Board”) are required to conduct games of chance. However, special rules apply for an organization that has filed a “verified statement form” with the clerk of the municipality where the organization is located, and with the Board, stating that the net proceeds from raffles conducted by the organization will be less than \$30,000 for the year. This statement is deemed a license to conduct raffles. The identification number and verified statement forms must be obtained from the Board.

The identification number application form, the verified statement form, and additional information regarding raffles are available on the Board’s website at www.racing.state.ny.us (under charitable gaming/raffle/forms).

6. Is there a fee for filing the verified statement form?

No. However, if the organization had proceeds of more than \$30,000 in a calendar year from raffles, the organization must apply for a regular license, pay a \$25 license fee and pay 2% of the proceeds over \$30,000.

7. Who can sell raffle tickets?

Members of the organization and their immediate

relatives, who are at least 18 years of age may sell raffle tickets.

8. Where can tickets be sold?

Filing of a “verified statement” as discussed above allows an organization to conduct raffles in the municipality where the organization is located, if the municipality has enacted a “games of chance” law. In addition, the organization may sell tickets in the counties that are contiguous to the county where the organization is located, if the organization has obtained written authorization from the municipality.

9. What is the maximum prize amount for a raffle?

No single prize awarded by a raffle can exceed \$50,000 except that an organization may award up to \$100,000 if the organization applies for a regular license and includes a statement with the application indicating that the prize will exceed \$50,000.

10. What steps must be taken after the raffle?

An organization that has net proceeds from raffles over \$30,000 in a calendar year must, within 30 days after the raffle is conducted, file with the clerk of the municipality a statement providing certain details regarding the conduct of the raffle.

11. Who enforces the rules?

Local police generally enforce the rules. In addition, the clerk of the municipality and the Board have the power to inspect the books and records of a licensed organization regarding the conduct of the game of chance and the disposition of net proceeds.

12. Are there penalties for not following the regulations?

The organization may be fined up to \$1,000, the organization’s license may be revoked, and persons involved with unlawful conduct may be charged with a misdemeanor.

13. Does a raffle generate unrelated business income (UBI)?

This should be another consideration before a PTA decides to proceed with a raffle. If the number of raffles are limited and not “regularly carried on,” they should not qualify as UBI. If volunteers perform most of the work, the raffle should not generate UBI. Winnings from gambling that are greater than \$600 or more than 300 times the wager (e.g., the raffle ticket costs \$1 and the prize is a TV valued at \$350) must be reported to the IRS by the winner and by the PTA on form W-2G “Certain Gambling Winnings.” If the winnings are more than \$600 but less than \$5,000 and are at least 300 times the wager, the PTA must withhold 28 percent of the amount. If the winnings are more than \$5,000 or the winner fails to supply his or her social security number, then the withholding is 31 percent. If the prize is something other than cash, it is the PTA’s responsibility to determine fair value for reporting and withholding purposes.

Raffle ticket purchases do not constitute a charitable contribution and cannot be deducted on a personal tax return. A statement to this effect should be considered for inclusion when printing the tickets.

Consider wisely before using any form of gambling as a fund-raiser.

Bingo

Conducting a game of Bingo without a license is a violation of New York State Law. In order for a PTA to sponsor games of bingo, it must first obtain a license. For information regarding licensing and bingo rules in general, contact the New York State Racing and Waging Board at (518) 453-8460 or online at www.racing.state.ny.us. Click on Charitable Games

In addition to the licensing requirement, the law also requires:

- The municipality where the game is to take place allows bingo within its jurisdiction.
- Children under the age of eighteen must be accompanied by an adult if they wish to play and are forbidden from conducting or assisting in the conducting of a game.
- The game must be open to the general public.
- Quarterly financial forms must be filed.
- If a school building is to be used, the Board of Education must specifically authorize the use of the building for the purpose of bingo.

A form W-2G must be filed for every person paid \$1,200 or more. However, the PTA is not required to withhold anything unless the winner fails to provide his or her social security number, in which case the PTA must withhold 31 percent.

For any amount of money withheld by the PTA for any type of gambling winnings, a Form 945 Annual Return of Federal Income Tax must be filed by January 31 of the following year.

Frequently Asked Questions

- 1. Can the PTA raise funds for someone needing a medical procedure/ replacing goods lost to fire or flood/ needing on-going nursing care, etc?**

No. Funds cannot be raised through the PTA for an individual, no matter how worthy the cause.

- 2. A local business wants to make a contribution to the PTA but needs proof of the tax-exempt status. What can be presented as proof?**

Give a copy of the New York State PTA IRS determination letter. Contact your Region Director for a copy. The Region Director's letter must state that your unit is a unit in good standing of the New York State Congress of Parents and Teachers, Inc. and as such is a tax-exempt, 501 (c) (3) organization.

- 3. How much money can we carry over to the next year?**

There is no established minimum or maximum amount. It will vary from PTA to PTA based upon when each holds its fund-raisers. If the PTA has no fund-raiser until spring, it will need to carry over more than if the major fund-raisers are in the early fall.

However, a PTA should not raise more funds than are necessary to carry out its tax-exempt function. At a minimum, sufficient start-up funds for the new year should be carried over when possible. Should a fund-raiser generate more funds than expected, the extra moneys must be accounted for in the budget and can be carried over for the next year's programs.

- 4. Why must our PTA send in the State PTA and National PTA portion of the dues so early in the school year?**

The portions of the dues that each unit collects on behalf of National PTA and New York State PTA belong to the National and New York State PTA. *Ethically, that money does not belong to the unit.*

Just as unit budgets reflect anticipated revenue, so do the budgets of National PTA and New York State PTA. In order to provide the services we offer to units, councils and region PTAs, funding is required. That funding is provided by the dues.