



**National  
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# **2016–2017 National PTA Official Back-to-School Kit**

## PTA Fundraising Quick Reference Guide

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# Fundraising and the Purpose of PTA

## Overview

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."

When PTAs invest their human resources in programs that improve homes, schools and communities, they provide benefits for children and youth with very small outlays of money. PTA-sponsored programs can provide enrichment activities for families. PTAs 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.

**National PTA encourages local PTAs to utilize fundraisers in which only adults, not children, are active fundraisers.**

## Standards for PTA Fundraising

PTAs are often called upon to finance programs and purchase needed equipment that tight school budgets cannot afford. It is the responsibility of each PTA to determine what it will do to address the needs of their schools. PTA funds should always be used to further the mission of PTA.

**PTA fundraising should be carried out within the framework of National PTA's policies. A PTA should never undertake any form of fundraising that may be detrimental to character building.**

Once the goal of the fundraising project has been thoroughly considered, the following points can help guide a PTA when deciding on a fundraising event:

- The PTA should check its state PTA to determine whether guidelines exist for working with individual companies or corporations. The anticipation of a successful fundraising event should not cloud the judgment of the PTA or be exploited by those outside the PTA who may have something to gain privately.
- Project organizers must take care not to improperly obligate their PTA when soliciting or accepting commercial contributions to help finance a project.
- Children should not be the primary means of soliciting within fundraising activities.

When planning the year's activities, PTAs should use the three-to-one rule. For every fundraising activity, there should be at least three non-fundraising projects aimed at helping parents or children or others advocating for school improvements.

When considering or selecting fundraising programs and materials worthy of the PTA, the following questions should be used as guides:

- Does the program require children to purchase a product in order to participate?
- Is it expected or implied that children will be required to sell to others?
- If there are classroom materials, are they credible and accurate?
- Has the company produced the materials in partnership with a recognized authority?
- Are the materials complete and not deceiving or misleading by omission?
- Is the language and organization of material age-appropriate? Is the information designed to sell products?
- Do the text and illustrations uphold the PTA's nondiscrimination policies?
- Is this a win-win situation where the PTA is benefiting financially or otherwise from the relationship?

All PTA bylaws—national, state, region, district, council and local—include the requirement to be noncommercial (the selling of goods or services that does not contribute significantly to education or advocacy for children, even if the revenue raised from the activity is used for education or advocacy). PTA's noncommercial policy is a policy designed to protect PTAs from exploitation.

- PTAs are prohibited under federal law from engaging in substantial business activities that are unrelated to their tax-exempt purposes, which are legally defined as educational and charitable.
- PTAs should not endorse products, companies or foundations.
- PTAs may accept advertising as long as it stays within postal regulations (no more than 10% of the total document, including any self-advertising, e.g., for conventions and other events) and does not jeopardize the purposes and nonprofit status of PTA.
- PTAs should familiarize themselves with local, state and federal regulations and requirements regarding licensing and liability before sponsoring or conducting public events.

PTAs need to be aware of the risks involved in soliciting or accepting commercial contributions so as not to jeopardize their tax-exempt status. A PTA's tax-exempt status is one of its most important assets, and if that status is revoked, charges of negligence or mismanagement may be brought against the officers and directors. Therefore, when considering a proposed activity, the PTA should ask, "Will this activity adversely affect our tax-exempt status?"

Strict compliance with all applicable federal, state and local laws is extremely important to prevent even the most well-intentioned effort from becoming a serious problem for a PTA.

## Accounting for Funds

- At the fundraising event or when funds are received, the treasurer and the chair, together, should count the monies received. Both should sign the receipt verifying the amount.
- Itemized bills, sales slips, etc., are given to the treasurer for payment by check. The treasurer promptly issues receipts for all monies received and promptly makes a deposit in the local bank.
- Funds must never be deposited in a personal bank account or in the account of another organization.
- As with the other financial transactions of the PTA, the treasurer is required to keep complete financial records of income and expenditures associated with the fundraiser. The treasurer should prepare a written report of the financial information (listing expenditures and income by category) and present the report to the PTA governing body.

## Program and Project Funding Sources

Annual membership dues are the primary source of funds for PTAs. Some PTAs are able to do excellent work with no financial resources other than their dues; however, some projects and programs may require additional funds. If dues are not sufficient to finance the work of a PTA, supplementary funds may be raised within the context of the mission and purposes of the PTA.

The framework for how a PTA should conduct its fundraising is determined by the policies of the National PTA and the government regulations for 501(c)(3) tax-exempt organizations. Any funds generated by a PTA, including the local portion of dues (not state or national portions of dues) should be budgeted for purposes that advance PTA work.

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. Only those funds necessary to meet the needs of the year's activities and projects, as outlined in the PTA's budget, should be raised.

A well-planned fundraising project will usually raise whatever funds are needed to finance the year's activities. **If the fundraising event is to reflect the high principles of the association, it will have educational, social, or recreational value in itself.**

Before undertaking any financial enterprise, a PTA should check with school, local, and state authorities to determine whether the planned activity is prohibited by state or local law or by school policy or whether the PTA requires any special permits.

## Selecting Appropriate Fundraising Activities

**The following questions should be used as guides in selecting and planning a fundraising project that will be both successful and worthy of the PTA:**

- Does it adhere to the PTA mission and purpose?
- Does it conform to the noncommercial, nonsectarian and nonpartisan policies set forth in the PTA bylaws?
- Does it refrain from using or exploiting children?
- Will it create goodwill for the PTA?
- Is it a type of activity that can serve as a positive example for children and youth? Will it provide the revenue to help meet the PTA's goals?
- Did the fundraising committee provide a budget of expenditures (e.g., materials and advertising for the event), as required by the PTA's bylaws and standing rules?
- Do the state and local governments require the PTA to collect and remit sales tax? Are special permits, such as special licenses or health permits, required/needed?
- Is the liability of the PTA and its members protected through sufficient insurance for this activity?
- Did the president sign the contracts for vendors and/or manufacturers? Do the contracts and products cover who is responsible for spoiled or damaged goods? For unclaimed goods?
- Is the PTA using volunteers, or does it have to pay or contract with workers?
- Have procedures been established to safeguard the handling of products and money? What are the costs for using a facility? How long is the event going to be held? Are there special requirements or restrictions for using the facility? Are fire laws and safety precautions strictly observed? Is the facility accessible to people with disabilities?
- Is it an infrequent or ongoing activity? Be aware that unrelated business activities could result in some federal or state taxation of the income earned or, in the extreme, the loss of your tax-exempt status.
- Are there local, state or federal laws that apply? Is care taken to see that no law is violated?

Depending on the PTA and the activity, there may be other questions that need to be addressed. When considering several funding ideas, review this list, as well as other questions and concerns, to determine which fundraising event to choose.

**Selecting Appropriate Fundraising Activities** provides sample questions that should be used as guides in selecting and planning a fundraising project that will be both successful and worthy of the PTA.

## E-commerce and Affinity Programs

E-commerce and affinity programs are popular sources of non-dues revenue. In both types of programs, a portion of the sale of a product or service is contributed to a particular charitable cause. The amount of the contribution is usually governed by the sales or the usage of a product or service.

E-commerce purchases are made through the Internet. PTAs can enter into agreements with companies whereby the companies return a percentage of member and nonmember purchases to PTAs as a contribution. PTAs can also be designated as recipients of charitable contributions whenever a customer is asked to designate a charity.

Affinity programs, such as PTA credit cards, are based on the usage of the card. Each time a holder of the credit card makes a purchase using the card, the sponsoring PTA receives a percentage of the purchase or a set amount. PTAs may also receive a sign-up fee for each card issued.

When either type of agreement is formulated, a PTA should verify that the agreement is structured to protect the PTA's tax-exempt status and does not compromise PTA policies. Either agreement can be structured to avoid unrelated business income. The money received by PTAs should be accounted for as contributions on their financial statements.

## Games of Chance

A fundraising activity involving a for-profit business or a game of chance or gambling should be considered carefully before proceeding. The funds raised from these activities may be subject to taxation and, in extreme circumstances, may cause the PTA involved to lose its tax-exempt status.

In addition, raffles, bingos, casino nights, other games of chance, and auctions, may be limited to or prohibited by state and local law or school policy. If permitted, they may require special registration with state or local authorities.

## Healthy Fundraising Options

PTA fundraisers support our key policy efforts, which include health and nutrition. PTA has an important role to play in reversing the negative trend of poor eating habits and low levels of physical activity among students, and as we encourage healthier lifestyles, it is important that our message is consistent and meaningful.

In 2012, nutrition guidelines for school meals were updated for the first time in decades—an important step—and something PTAs and parents have been advocating for decades. As schools make these improvements in the cafeteria, it is important that parents and PTAs lead by example in the choices we make at school—including fundraising.

The United States Department of Agriculture (USDA) is in the process of establishing nutrition guidelines for all foods sold in school—including fundraising that is sold directly to students, on the school campus and during the traditional school day. While these guidelines will not go into effect this school year, PTAs should begin to take a look at the fundraising activities that occur during the school year, including items sold in vending machines and school stores. As the USDA finalizes these guidelines, information and technical assistance will be made available at [PTA.org](http://PTA.org).

National PTA encourages all PTAs to adopt healthy fundraising strategies when developing their fundraising plans. School fundraising activities should support healthy lifestyles and, when possible, PTAs should encourage nonfood and physical activity fundraisers.

### **Examples of healthy fundraising options include:**

#### **Fire Up Your Feet**

National PTA has partnered with Safe Routes to School National Partnership and Kaiser Permanente on Fire Up Your Feet, a new physical activity program that encourages families to walk more to and from school—and in daily life—while keeping track of their steps and raising money for their PTA or school. Fire UP Your Feet provides the opportunity for families to get active and spend more quality time together, all while helping out their PTAs and schools.

### How does Fire Up Your Feet work?

- PTAs register for Fire Up Your Feet online and recruit families to participate.
- Participants build a family page. Recruiting sponsors (e.g., friends and family) via an online donation form is optional.
- Parents and children walk together and share valuable conversation and learning experiences all while building positive behaviors and a love for physical activity.
- Families, if desired, raise money for their PTAs. For those who opt to fundraise, 75% of the funds collected go directly to their local PTA to support other healthy lifestyle initiatives, while the other 25% goes toward national efforts to support more safe routes to school.
- PTAs celebrate success!

### Other Fundraising Ideas

- Sell fruit (citrus or other in-season fruit), gift wrap or other items rather than candy or baked goods for school fund raisers.
- Invite chefs from local restaurants to host healthy cooking classes for families. Charge for admission.
- For class “spirit” and other competitions, provide healthy rewards (extra recess) or nonfood items instead of candy, doughnuts and pizza parties.
- Sell bottled water and healthy treats instead of candy and soda at PTA events.
- Sponsor a bike-a-thon, walk-a-thon or 5K walk/run.
- Host a school-wide dance.
- Organize a crew to wash cars, rake leaves or shovel snow for neighborhood families, for a small fee or donation to the PTA.
- Plan a parent-teacher basketball game and sell tickets.
- Organize a before or afterschool walking, biking, running or skating club for students, teachers and families.
- Host a book fair, auction or raffle.
- Create and sell a healthy cookbook, created from recipes submitted by your PTA members and food service providers.

# Seeking Corporate Sponsorship

## Overview

Sponsorships can help state and local PTAs further programs, aims and goals of the association and 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 positions and resolutions (e.g., alcohol, tobacco or firearm companies).

## Sponsorship vs. Endorsement

- Corporate sponsorship is a funding mechanism in which a commercial concern provides cash, products, or know-how to a charitable or educational association in return for an acknowledgment of thanks. The acknowledgment of thanks generally takes the form of public recognition for the sponsor's support. Endorsement activities are fundraising mechanisms in which charitable or educational associations endorse the products or services of a for-profit entity.
- Sponsorships are an appropriate means of funding projects and programs that promote the objectives of the association. Endorsement activities are not appropriate for PTA participation based on PTA's noncommercial policy.
- 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. Because qualifying corporate sponsorship income is considered a charitable donation, there is no limit to the amount that can be received by a 501(c)(3) organization.

## Recognition Guidelines

In return for sponsorship, a PTA may thank the sponsor for its contribution. The thank you may be in writing or on posters, banners or other appropriate media. The written acknowledgement must be limited to an expression of thanks and can list identifying information for the sponsor. The acknowledgement can never make a qualitative judgment regarding the sponsor or its product, and it cannot request that people patronize the sponsor or buy its products; otherwise, the sponsorship payment will be subject to federal income tax.

## Special Events

A well-written, carefully thought out sponsorship proposal can mean the difference between successfully securing the funding you need to support your PTA special event and fundraising goals or missing your mark and ending up in the red—paying out more than you take in for an event. Here is a **Sample Proposal Outline**, which may help you secure the funds and/or product donations needed to meet or exceed your PTA fundraising goals.

## Substantiation Requirements for Charitable Contributions

### Deductibility for Contributions Made to PTAs

PTA members and contributors often assume that any payment they make to a PTA in conjunction with a fundraising event is tax-deductible. However, rules and limitations exist for the deductibility of such payments.

#### Quid Pro Quo Contributions

IRS regulations state that charities must provide a written disclosure statement to a donor for a quid pro quo contribution of more than \$75. This type of contribution is a payment made partly as a contribution and partly in exchange for goods and/or services. The disclosure statement must disclose the amount of the payment and give a description and good faith estimate of the value of the goods and/or services received in exchange for a portion of the payment.

Example: If a PTA holds a fundraising event that provides a meal or some tangible item in return for the purchase of a ticket, then the portion of the ticket that is tax-deductible is the ticket price less the fair market value of the meal or item received.

#### Charitable Contributions of Cash

A donor claiming a monetary charitable contribution deduction of any amount cannot take the income tax deduction unless he or she has a cancelled check, bank record, or acknowledgement from the charitable organization. The acknowledgement correspondence must:

- Include the name of the charitable association (name of PTA)
- Include the amount of money received
- Include the date of the contribution

- State whether any goods or services were received in return for the contribution
- Describe the goods or services received, with the fair market value of same
- Be received by the donor prior to the due date of the donor's tax return

Out-of-pocket volunteer expenses can qualify for a charitable deduction but are subject to the same substantiation requirements if the expenses exceed the \$250 threshold. The volunteer must maintain records to substantiate the amount of the expenses, and obtain a statement from the organization describing the service provided by the volunteer and indicating whether or not any goods or services were provided to the volunteer in return.

## Documentation Requirements for Charitable Contributions

The IRS has released final regulations concerning the substantiation for charitable contributions (see the Documentation Requirements for Charitable Contributions Chart) for details. The charitable rules have been simplified in some areas; record-keeping requirements remain in effect.

### Noncash Charitable Contributions

It is the obligation of the donor to obtain IRS Form 8283 (noncash charitable contributions) and have the person to whom the donation is made sign in Part IV to acknowledge the contribution. As a service to donors, the PTA may want to remind them to use this form.

### Report of Volunteer Hours

PTAs may be asked to keep track of the number of hours and the volunteer duties, and to forward this record to the state PTA office. This log can be used to substantiate the kinds of volunteer activities in which PTA members are involved during the year. A sample **Report of Volunteer Hours** is available for your use. Such a report can be used in securing local, state or national grants for PTA projects. It is a measure of in-kind services.

## Legal Implications of Fundraising

### State Laws on Fundraising

Regulations vary widely from state to state. Before beginning a fundraising activity, it is important for a PTA to check with the appropriate office in the state government to learn about registration and disclosure requirements and other statutes that may apply.

### Local Laws on Fundraising

Many cities and counties also have registration and disclosure statutes. Particular kinds of fundraising activities are frequently subject to special local regulations.

### School District Policies

Many school districts have established procedures for organizations to follow with regard to fundraising on school property using staff and students. PTAs should be familiar with those procedures and work cooperatively with school personnel.

## National PTA Sponsors and Discount Providers

### Member Benefit Providers

#### **National PTA Member Benefits: Providing Extra Value to your School's PTA Member Recruitment Campaign**

It can be a challenge to get 100% of your school's parents and teachers to become paid PTA members. During the back-to-school period when you are promoting the value of PTA membership to prospective members, remember to mention the special discounts and perks available exclusively for our members through the PTA Member Benefits.



Whenever you see the Proud Members Benefits logo (shown above) associated with a specific company, you can be confident that they have established a formal relationship with National PTA to provide special services or discounts exclusively for PTA members.

Companies who become an official National PTA Benefit Provider have shown an especially strong commitment to support PTA's mission of making every child's potential a reality.

Please consider regularly giving these entities a little "shout-out" at your Back-to-School Night, PTA general meetings, in your school's PTA member newsletter, and whenever you are promoting the value of PTA membership.

To make things easier for you, each Member Benefit Provider has contributed a ready-to-go promotional flier for this kit that you can download, print and distribute. Some have included extra information in these downloadable files especially for you as a PTA leader.

You can view these PDF materials by clicking on each logo below.

Here are some current offers:



**AARP**

Save up to 15% on 1-3 year membership discounts.



**BOXED**

PTA members get \$15 off orders of \$79 or more, plus free shipping on your first order. Use code: PTABOXED.



**Good Housekeeping**

Offer COMING SOON!



**Hertz**

Save up to 20% on your car rental, plus receive special vacation offers throughout the year.



**LifeLock**

To help you and your family live more freely in a digital world, LifeLock is offering a special LifeLock 30-day free\* trial plus 10% off membership.



**Lifetouch**

Trusted nationally. Represented locally. Lifetouch serves the photographic needs of children and families across North America, in schools, studios and houses of worship.



### **MetLife**

Get special group discounts on auto insurance from MetLife Auto & Home with quick and easy switches, plus a discount for bank account deductions. Save even more with multi-car discounts.



### **Mountain America Credit Union**

As a Member Benefits Provider of National PTA, Mountain America is offering local PTAs a \$100 bonus when they open a nonprofit business account.



### **Quicken Loans**

Big Savings and a VIP Experience! Through the Mortgage Insiders Program, you'll receive \$500 cash back after closing your home loan with Quicken Loans.



### **Schwan's Cares**

Your local PTA receives up to 40% of sales during active Schwan's fundraising campaign, plus enjoy a discount on your first Schwan's home delivery of nutritious family foods.



### **Staples**

Get a 10% instant discount on supplies every time you shop in-store at Staples and a 25% instant discount on all your copy and print needs, too.



### **Sylvan Learning**

Receive 50% off a Sylvan Insight Assessment, plus a donation of \$10 from Sylvan to your local PTA. Free parent seminars, plus fundraising and scholarship opportunities are available.



### **Teen Safe**

Receive a 7 Day Free Trial and a 33% Discount for 3 months.

## Get to Know the Brands Most Invested in our Mission: PTA's National Sponsors

PTA National Sponsors are entities that have made significant, meaningful contributions in the spirit of supporting the mission-critical work of our association at all levels.

Please consider regularly giving the PTA National Sponsors a little “shout-out” at your Back-to-School Night, PTA general meetings, in your school’s PTA member newsletter, and whenever you have a chance to acknowledge the commercial organizations most invested in our mission of making every child’s potential a reality.

Please also consider encouraging your school’s PTA members to “give back” to these generous brands by making a deliberate choice to support these retailers when possible.

Each National Sponsor has contributed a ready-to-go promotional flier for this kit that you can download, print and distribute. You can view these PDF materials by clicking on each name below.

### Here are PTA's current National Sponsors:



#### **Bayer**

Bayer, a life sciences company, is the Founding Sponsor of PTA's STEM Initiative—putting the “S” in STEM!



#### **Kindle**

The official E-Reader of the National PTA. Kindle and the National PTA are working together to help families get more involved in their children's reading and enhance their emerging interest in books through The PTA Family Reading Experience, Powered by Kindle. (Learn more about this great PTA family engagement program, explained here.)



#### **LifeLock**

LifeLock is the provider of proactive identity theft protection services, and proudly supports National PTA's initiative to empower a culture of good digital citizens through a campaign kicking off this year



**Lifetouch**

The official photographer of the National PTA trusted nationally, and represented locally. Lifetouch serves the photographic needs of children and families across North America, in schools, studios and houses of worship.



**Learning Heroes**

Be A Learning Hero, a project of the New Venture Fund, helps parents navigate the changes happening in classrooms across the country so they can help their children be successful in school.



**GoFundMe**

GoFundMe, a leading fundraising website worldwide that has helped education campaigns raise over \$100 million, is working with PTA to help parents, educators, and school leaders raise money for playgrounds, technology, budget shortfalls—or anything else that may be needed in support of students!



**Lysol**

In collaboration with National PTA and the National Education Association, Lysol has developed the Healthy Habits Program, with the goal of reducing absenteeism due to sickness in schools



**Mathnasium**

Mathnasium is a neighborhood math-only learning and enrichment center. As one of the founding sponsors in support of PTA's new STEM initiative to engage families in STEM education, Mathnasium is proud to put the "M" in STEM!



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