

Financial Guidance for PTAs During COVID-19

Despite this being extraordinary times, PTAs must adhere to local, state and national guidelines for spending money. What does that mean? It means that PTAs can spend money according to their approved budgets. Just like any other day/week/month/year, PTAs approve budgets (usually at the beginning of each school year) and spend that money throughout the year. At needs change, budgets may be amended. If the line item already exists, the Executive Committee may add up to \$300 without General Membership approval. If a new line item needs to be created or if the amount is greater than \$300, then it must be approved at a General Membership meeting where a quorum is present (quorum information is in your bylaws, usually Article XII). Remember that when a new line item is created, it should be for the benefit of your school community, either as a one time activity/event or a long-term/on-going activity.

Here are some useful examples:

1. Your PTA runs an in-school food pantry for its students; you have a line item in your budget for that food pantry. Your PTA can continue to spend those funds, for that purpose. If you want to increase that line item, your EC can increase it one time up to \$300; beyond that, it needs to go to the general membership for a budget amendment to be voted on. Voting can take place via email, mail in ballot or electronic voting based on the quorum requirements for your individual PTA. **VERY IMPORTANT - your PTA should only be supporting your own school community. If you are running a food pantry, it is for the students (families) at your school ONLY.**
2. Your PTA would like to set-up a food pantry (or provide non-APS school supplies or whatever but needs to be something that APS is NOT on the hook for like a device or hotspot AND it needs to be in line with what is important -the mission/principle/values/etc – to your PTA & community). You need to vote on amending your budget to include a new line item for the food pantry (or whatever) - vote needs to be done as above by the general membership, quorum required. There needs to be structure in place to ensure that you are providing the services/items only to your school community, not to the community at large.
3. Your PTA would like to donate to another organization. ***"The IRS is very clear that a public charity may not gift funds to individuals or families unless that is what the charity was organized to do. PTAs are not organized for that purpose, so we may not give money - including gift cards - to individuals or families in our school communities, regardless of need. A PTA may donate to other community organizations if they meet the criteria above (for instance, donating to the Red Cross would not be ok but donating to a library would) and the association voted to do so, but the PTA may not gift funds to an individual or family."*** One PTA may donate funds to another PTA **if and only if** there is a line item in their approved budget. If there is not a line item in the approved budget, the donating PTA must amend its budget through its general membership voting process (EC can only amend existing line items by \$300, not create new ones). The donor PTA should not purchase supplies and give them to the recipient PTA, only funds.

There are several other things that PTAs can do to help and we encourage units to consider the following:

- The PTA may advertise any and all benefits/fundraisers being held for individuals or families in need or local charities who are assisting those in need, regardless of who is organizing them. That includes letting everyone in your community know about GoFundMe campaigns, etc.
- The PTA may also help with a fundraiser by advertising it and encouraging volunteers, but it cannot be an official PTA activity and all money collected must go to the organization holding the fundraiser. Checks cannot be made out to PTA and no deposits may be made to the PTA account on behalf of another organization or family in need.
- The PTA may **sponsor** a food/diaper/necessities drive or solicit donations of those items to be given to a local food bank, etc. "Necessities" could include personal protective equipment (PPE) for local hospitals and medical facilities if that's a need in your area. *Please note that sponsoring a drive/soliciting donations means that the money comes directly from individuals and does not ever go into the sponsoring PTA's account.*
 - For instance, Kenmore Middle School had several parents who identified a need for groceries for families who had lost jobs in their community. The parents put together a food drive and collected money via PayPal as another option. The PayPal account was that of a parent and no money ever passed through the PTA. The activity has continued and approximately 60 families have received groceries each week.

COVID-19 RESOURCES FOR PTA LEADERS

Find information about how to handle meetings and financial transactions during the Virginia Governor's [Executive Order #55](#) (2020) Temporary Stay At Home Order Due to Novel Coronavirus (COVID-19)

Please Note: The Virginia PTA Office will remain closed for Spring Break Monday, April 13 through Friday, April 17, 2020. If you need any assistance, please contact your District Director or Board Member. Our most up to date information can be found on our social media platforms.

Executive Board/Committee Meetings

Our bylaws allow for Executive Board/Committee meetings to be held by telephone conference or through other electronic communications media so long as all of the members can simultaneously hear each other and participate during the meeting.

General Membership Meetings

While our bylaws do not directly prohibit meetings by telephone conference or through other electronic communications media, they do not specifically allow for them either. However, we looked at the Virginia non-profit corporation code and it does allow for meeting by teleconference and video conference. Also if there is a health emergency (which COVID-19 is), it supersedes any rule or regulation that would require in-person meetings if they pose a risk to a person's health.

Remember: The normal rules of holding a meeting apply to your teleconferencing meeting. People should be treated and treat others with respect and courtesy.

TELECONFERENCE & VIDEO CONFERENCE TOOLS

If local leaders choose to hold meetings via teleconference or video conference based on our [recent guidance](#), there are various free tools to consider that allow you to hold online conference calls or video meetings with multiple attendees - subject to limitations.

If you missed Workshop Wednesday on [Running Effective Virtual Meetings](#), you can find follow-up information [here](#) and [resource](#).

FAQS FOR MEETINGS

Is it mandatory that we hold a General Membership Meeting via teleconferencing?

No, we are just giving our Units, Councils, and Districts an alternative to hosting an in-person meeting during these uncharted times. These guidelines expire on June 30, 2020.

How much notice of this meeting do I need to give?

PTAs must follow their approved bylaws for meeting notice requirements.

How do we give notice of the meeting?

1. Use the PTA's social media platforms as well as your website to announce details of the meeting.
2. See if your principal can place notice of the meeting on the school website and social media platforms.
3. Email your membership list directly announcing the meeting and agenda.
4. Board members should also share information about the meeting on their personal pages. This may notify people who are not following the PTA.

Is it OK to post the documents for the meeting on your website and social media?

Yes, as long as you make sure they are non-editable documents. Also make sure that there is nothing controversial or confidential in the documents.

Do we need to have a current membership list?

Yes, only current, paid members may vote on PTA business. PTAs must ensure they meet their bylaws quorum.

How do we handle translation of this teleconferencing meeting?

See if the application or tool you are using has a translation option. Test it out before the meeting. If it does not offer that option, talk to someone who can do translation from the school community. The translator(s) would need to be on the actual call, translating in real time. Prior to the event make sure that person knows the order of what is happening during the meeting and work out how the translation process will work during the call. It is very important to make all our parents feel included.

FAQS FOR FINANCIAL TRANSACTIONS, AUDITS & TAXES

Is it okay to present our financials at a teleconferencing meeting?

Yes, you can present a full treasurer's report including ratification of payments made and releasing funds. You can also present the budget for the next school year and release funds to pay summer bills.

How do we approve bills that need to be paid?

During the meeting being conducted via teleconferencing, the treasurer will make a motion to approve the bills that need to be paid. You can make a motion to pay summer bills. The treasurer should also make motions to ratify the payments that may have already been made.

Are checks the only way we can pay bills? How do we sign checks with two signatures with the Governor's "stay at home" order in place?

PTA bylaws cannot be waived/suspended as per Virginia non-profit corporation code and Roberts Rules of Order. As PTA bank accounts were established requiring two signatures, you would need to contact your financial institution on guidance. Typically, banks will allow an authorized signature holder to purchase cashier checks/money orders made payable to a vendor without requiring the second authorized signature.

If the person or company you need to pay can accept an Electronic Funds Transfer (EFT) or a payment from your bank's bill payment system, you can process the payment via that method.

For either of these options, there is a form to be filled out and attached to the invoice, which can be [found here](#). Remember, you should never pay a bill without an invoice or a receipt, and electronic signatures are acceptable on this and other payment authorization forms when necessary.

Are tax deadlines for non-profits going to be extended by the IRS?

As of the middle of March, tax deadlines have not been extended. If we get any new information we will update our local leaders through our standard social media platforms as well as our district and council leadership.

What if my unit is interested in redirecting existing funding to support families and teachers? Can our Executive Board vote for emergency funding and reallocate existing funds to supply tools such as hot spots?

Every executive board has some power to spend funds that were not budgeted. However, budgeted funds require general membership approval for any changes to the adopted budget over three hundred dollars (\$300.00) per fiscal year.

What do we do with donated items now that we can no longer have the event they were donated for (like our silent auction)? Do we need to vote to cancel the event even though we can't hold it due to school closures and COVID-19 restrictions?

If the donations were solicited specifically for this event that you are now not able to have and not as a "general" donation to the PTA, the PTA needs to contact the donors and ask them what they would like you to do with the donated items. This is easiest via email, because then you will have written instructions from the donor, which is really what you need. If the donor wants the items returned, you have to give them back. If they give you permission to keep them/use them as needed, then you can vote as a board how to "re-purpose" those donations at a future time.

You do not need a vote of the association to cancel a fundraiser/event that you are no longer able or allowed by law to hold. You would only need a vote on how to distribute/use any donations that were not returned to donors.

Can our PTA donate to other community nonprofits who are taking lead roles in supporting the many under-served families in our district? Can

we offer some sort of direct support to members (individuals and families) of need in our school communities?

The IRS is very clear that a 501(c)3 public charity (which all PTAs are) may donate funds to another 501(c)3 public charity with a similar mission. That means that a PTA can donate money only to nonprofits who have similar purposes. For example, you could not donate to the Red Cross, but you could donate to a non-profit children's library, provided it had 501(c)3 status.

Likewise, the IRS is very clear that a public charity may not gift funds to individuals or families unless that is what the charity was organized to do. PTAs are not organized for that purpose, so we may not give money - including gift cards - to individuals or families in our school communities, regardless of need.

Therefore, the PTA may donate to other community organizations if they meet the criteria above; and assuming the association voted to do so, but the PTA could not gift funds to an individual or family.

However, there are several other things that PTAs can do to help and we encourage units to consider the following:

- The PTA may advertise any and all benefits/fundraisers being held for individuals or families in need or local charities who are assisting those in need, regardless of who is organizing them. That includes letting everyone in your community know about GoFundMe campaigns, etc.
- The PTA may also help with a fundraiser by advertising it and encouraging volunteers, but it cannot be an official PTA activity and all money collected must go to the organization holding the fundraiser. Checks cannot be made out to PTA and no deposits may be made to the PTA account on behalf of another organization or family in need.
- The PTA may sponsor a food/diaper/necessities drive or solicit donations of those items to be given to a local food bank, etc. "Necessities" could include personal protective equipment (PPE) for local hospitals and medical facilities if that's a need in your area.

Do we still need to complete an audit if we didn't complete our year yet?

Yes, units are required to abide by their bylaws even during a pandemic. The fiscal year ending date will remain June 30. PTA audits will be based on the business conducted between July 1, 2019 and June 30, 2020.

How do we nominate an audit committee if our members can't get together in person?

PTAs can hold virtual meetings to conduct the business of the Association. Committee members may be elected during the general membership meeting. The committee would not begin work until after the fiscal year ending date - June 30 - in order to receive all financial statements and records.

The Use of Gift Cards

Many PTAs recognize the benefits that gift cards offer and are purchasing them for use in their programs. Inherent with the use of gift cards, however, is the potential for misuse, and occurrences of such problems are increasing around the state.

What Are Some of the Ways That PTAs Are Currently Using Gift Cards?

- As prizes or incentives for students in Reflections, Battle of the Books, and other programs.
- As membership incentives. As “stipends” for teachers.
- For the purchase of classroom supplies.
- In conjunction with teacher appreciation activities.
- As donated merchandise for “silent auction” fundraising events.
- As thank you gifts for volunteers.

What Are the Potential Problems with Using Gift Cards in These Ways?

- Loss of accountability. Gift cards, like cash, can be used by anyone. Without adequate documentation of the purchase and distribution of gift cards, no one is accountable for those items and there is no “audit trail.” For example, students who do not attend their Reflections award night might never receive the gift cards purchased as prizes because they can readily be slipped into a purse and forgotten. Similarly, a PTA officer who accepted a donated gift card from a local business might use it for a purpose other than that approved by the board or even for a personal purchase. Unfortunately, PTAs, like all non-profit organizations, are susceptible to fraud. The policies and procedures in place for control of cash transactions – such as two signatures on checks, prompt reconciliation of bank accounts, and detailed documentation – are sometimes nonexistent or easily circumvented with gift cards, resulting in an even greater possibility for the perpetuation of fraud.
- Turning volunteers into employees. When cash, gift cards, or gift items of more than nominal value (\$25) are given to PTA volunteers, the PTA runs the risk of turning the volunteer into an employee in the eyes of the IRS. While the work of PTA volunteers is invaluable, if a PTA attempts to “compensate” a volunteer for his/her services, then he/she is no longer a volunteer. As an employee, he/she becomes liable for paying taxes on her income, and the PTA, as an employer, becomes subject to payroll filings and taxes.

How Can These Problems Be Avoided?

- Treat gift cards as cash.
- Institute the use of a log for disbursement of gift cards used for prizes or incentives for students so that there is documentation of who received each award. That log, signed by each prize recipient, would be attached to the check request form used for the purchase of the gift cards.
- Limit use of gift cards for PTA purchases to items in the approved budget, and maintain, to the extent possible, the same controls that should be in place for cash purchases; including having two people coordinate gift card use and retaining receipts for purchases made.
- Require submission of receipts for purchases made on gift cards used by teachers for classroom supplies.
- Eliminate use of gift cards - or cash - for teacher “stipends,” as this creates an employer-employee relationship.
- Maintain an “accountable plan” for reimbursement of legitimate PTA expenses. Such a plan – which is accomplished by following PTA’s recommended basic

fiscal management procedures - includes the timely submission of documentation of the expenses incurred through invoices, receipts, etc.

- Eliminate use of gift cards as “thank you” gifts for volunteers, as this creates an employer - employee relationship.

Register for Workshop Wednesday

Register for the next Workshop Wednesday on April 15 on End of Year Membership Closeout & Planning for Next Year. Let's talk end of year membership and preparing for the next school year. Get your questions answered! Two sessions available:

NOON: [registration](#)

7:00pm: [registration](#)

NOVA DISTRICT FINANCIAL QUESTIONS & GUIDANCE	
1	<p>Q: How do we amend our budget if needed?</p> <p>A: Units can hold virtual meetings to conduct business of the Association. Units are required to follow their bylaws on meeting notices to their general membership. It is highly advisable to send information on the amendments to the budget in the meeting notice.</p>
2	<p>Q: Do we still need to complete an audit if we didn't complete our year yet?</p> <p>A: Yes, units are required to abide by their bylaws even during a pandemic. The fiscal year ending date will remain June 30. PTA audits will be based on the business conducted between July 1, 2019 and June 30, 2020.</p>
3	<p>Q: If we have a new treasurer, how do we complete a transition if we are under a "stay at home" order and shouldn't be within 6 feet of others?</p> <p>A: VAPTA is asking everyone to follow the Governor's Executive Order. Financial records can be exchanged via email or dropped off at homes or leave at schools. Individuals are able to conduct business via telephone, email or utilizing services such as Zoom, GoToMeeting, etc. Transitions can take place after the Executive Order is lifted. Districts, Councils and or VAPTA Board Members are available to personally assist Units with training, transitioning in the absence of a face-to-face meeting, etc.</p>
4	<p>Q: Can we use Gift Cards for any reason?</p> <p>A: No. Gift cards should only be utilized as prizes or incentives for students who participate in PTA sponsored programs, membership incentives, purchase classroom supplies, in conjunction with teacher appreciation activities, donated merchandise for 'silent auction' fundraising events, thank you gifts for volunteers who are not board members, or purchase food and supplies for gift baskets/giveaway.</p>
5	<p>Q: How can we close out our books if we haven't met as a general membership since March 1 or earlier?</p> <p>A: Yes, units are required to abide by their bylaws even during a pandemic. The fiscal year ending date will remain June 30. PTA audits will be based on the business conducted between July 1, 2019 and June 30, 2020.</p>
6	<p>Q: How do we set an audit committee if our members can't get together in person?</p> <p>A: PTAs can hold virtual meetings to conduct the business of the Association. Committee members may be elected during the general membership meeting. The committee would not begin work until after the fiscal year ending date - June 30 - in order to receive all financial statements and records.</p>
7	<p>Q: How do we sign checks with two signatures with the Governor's "stay at home" order in place?</p> <p>A: Units should check with their bank/financial institution to see if one signature will be accepted based on how your account is established. All expenditures must be approved by the board prior to payment. Online bill payments are an option if your board has agreed and approves all payments.</p>
8	<p>Q: Can Virginia State PTA, wave the two-signature bylaw just during this unprecedented time with some sort of temporary bylaws amendment?</p> <p>A: Virginia non-profit code nor Roberts Rules of Order allow non-profits to suspend bylaws. Please see the answer to question #7 for suggestions.</p>
9	<p>Q: What do we do if we collect membership payment and mail to the office knowing the office is closed? Will our checks get cashed within a certain timeframe? What if the office stays closed for a longer time than April 13?</p> <p>A: During the current and any foreseeable office closure, mail is being collected and deposits are being made weekly.</p>
10	<p>Q: If our general membership doesn't choose to meet, can't due to technology/language challenges, what do we do about completing and closing the books for this school year?</p> <p>A: Units would close out their books through the normal process and procedures as a full fiscal year, July 1, 2019 and June 30, 2020.</p>
11	<p>Q: Can we just roll money over or should we spend it? If, for example, we try and keep a \$10,000.00 limit and we have \$25,000 left in our account because we didn't spend it on expenditures planned at the end of the year, can we roll it over and save it for next year? An easy budget line item change that says "Covid-19" so it is clearly earmarked leftover funds from this year?</p> <p>A: This is a board decision, but highly recommended by VAPTA to address unrealized needs next school year.</p>

12	<p>Q: If a unit has a Principal fund, is that allowed now or ever and if not, how do we adjust that expectation?</p> <p>A: PTA funds must be used for the benefit of the whole school community and not an individual person. Principals and the PTA represent two important groups: staff and parents. There should be a collaborative relationship with the Principal; be aware of the school's improvement needs and focus on supporting through the budget and planning process, offer to bring PTA's help in reaching the goals set by the Principal and staff, ensure PTA members are actively involved in school activities, programs and meetings, and ask the principal's help in encouraging staff to become PTA members.</p>
13	<p>Q: What if the Principal asks for funds to support 'COVID-19' type needs? For example, hot spots, computers, etc.</p> <p>A: PTAs are supporting organizations and are not an additional funding source for goods and services. PTAs are required to follow their approved budget. PTA funds must be used for the benefit of the whole school community and not an individual person.</p>
14	<p>Q: How to pay outstanding financial obligations when you are unable to have 2 signers on checks? While that is only a bylaws rule, banks for the most part don't require two signatures, but they obey our bylaws that are on file. Can we temporarily 'amend' that rule and give an amended statement to the bank?</p> <p>A: Units should check with their bank/financial institution to see if one signature will be accepted based on how your account is established. All expenditures must be approved by the board prior to payment. Online bill payments are an option if your board has agreed and approves all payments.</p>
15	<p>Q: How to handle deposits, especially if bank branches are closed or don't have a drive-thru?</p> <p>A: Units should check with their financial institution on how to handle bank deposits during closures. Several closed banks are offering appointments, ATM deposits, or mobile apps.</p>
16	<p>Q: Are units permitted to use banking aps to deposit checks or make electronic payments.</p> <p>A: Yes, Units should check with their bank/financial institution to see if one signature will be accepted based on how your account is established. All expenditures must be approved by the board prior to payment. Online bill payments are an option if your board has agreed and approves all payments.</p>
17	<p>Q: If PTAs are not able to conduct business before the close of the fiscal year, how should that be handled? Particularly if audits are not able to be completed in a timely manner. If a new treasurer is elected in the meantime, will he/she complete the books on the previous year?</p> <p>A: VAPTA are asking PTAs to follow their bylaws as much as possible during this time. If units are unable to accomplish any tasks, units will be able to postpone the work until safe to do so. New treasurers would be able to assist with the previous year audit as that person was not the treasurer on record or authorized signature holder.</p>
18	<p>Q: Most PTAs have their mail sent to the schools, which are not physically open. Do you have any advice for what to do in this instance?</p> <p>A: PTAs can place mail holds at the Post Office, contact vendors directly to have invoices/information emailed, or ask the principal if there is a way to meet at the school to pick up the mail.</p>
19	<p>Q: Can units provide gift cards for FRL-eligible families and abide by PTA funds need to be used for the benefit of the whole school community or such that the 'product' is accessible or available to all members of the community?</p> <p>A: The IRS is very clear that a public charity may not gift funds to individuals or families unless that is what the charity was organized to do. PTAs are not organized for that purpose, so we may not give money - including gift cards - to individuals or families in our school communities, regardless of need.</p> <p>Therefore, the PTA may donate to other community organizations if they meet the criteria above; and assuming the association voted to do so, but the PTA could not gift funds to an individual or family.</p> <p>However, there are several other things that PTAs can do to help and we encourage units to consider the following:</p> <ul style="list-style-type: none"> • The PTA may advertise any and all benefits/fundraisers being held for individuals or families in need or local charities who are assisting those in need, regardless of who is organizing them. That includes letting everyone in your community know GoFundMe campaigns, etc. • The PTA may also help with a fundraiser by advertising it and encouraging volunteers, but it cannot be an official PTA activity and all money collected must go to the organization holding the fundraiser. Checks cannot be made out to PTA and no deposits may be made to the PTA account on behalf of another organization or family in need. • The PTA may sponsor a food/diaper/necessities drive or solicit donations of those items to be given to a local food bank, etc. "Necessities" could include personal protective equipment (PPE) for local hospitals and medical facilities if that's a need in your area.