



## April 27, 2020 Update from Mr. Sergio Chavez, Arizona PTA President Financial Questions during Covid-19

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### **Can we donate funds to other charities, or families we know need financial help?**

Under federal law, PTAs may donate to other 501(c)(3) organizations ONLY if they have similar missions, and the association voted to do so. However, please use caution when considering this, as unit level finances themselves may be impacted by COVID- 19. Further, the IRS is very clear that a public charity like PTA may NOT gift funds to individuals or families. 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.

### **According to the IRS:**

Inurement/Private Benefit - Charitable Organizations <https://tinyurl.com/y9ogwsb5> A section 501(c)(3) organization must not be organized or operated for the benefit of private interests, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. No part of the net earnings of a section 501(c)(3) organization may inure to the benefit of any private shareholder or individual. A private shareholder or individual is a person having a personal and private interest in the activities of the organization.

### **Per our CPA:**

The very language for tax exempt organizations by the IRS is "No part of the organization's net earnings will inure to the benefit of private shareholders or individuals". This means no funds to any

business or person for their personal use, only for grant/program purposes.

So - firm NO on the gift cards coming from the units to the teachers. Gifts or items that are not compensation or meet the rules for grant funding are personal inurement [excess compensation (can lead to loss of status) or excess benefit transactions (starts with penalties to approvers of the expenditure and can go as far as loss of status)]. We recommend no gifts.

I know this is hard, particularly now, but the units should really be ensuring that all grant funds (cash/cards/etc.) that go to the teachers or schools are used specifically for program purposes and for the kids. Personal use is strictly prohibited.

### **What can local units do to help?**

1. PTAs may share information about benefits/fundraisers being held for individuals or families in need, or local charities who are assisting those in need, or community based projects.
2. PTAs may encourage individual volunteers to personally donate.
3. PTAs may sponsor a food/diaper/necessities drive or solicit donations of those items to be given to a local food bank. "Necessities" could include personal protective equipment (PPE) for local hospitals and medical facilities if that's a need in your area.
4. As a reminder, checks can NEVER be made out to PTA unless it is truly PTA business, and no deposits may be made to the PTA account on behalf of another organization or family in need.

## **GUIDANCE FOR TEACHER/STAFF/VOLUNTEER APPRECIATION**

### **Can our PTA buy restaurant gift cards for our school staff members since we cannot hold our annual staff appreciation luncheon?**

No. Giving a gift card is the same as giving someone cash. In addition, giving volunteer cash or a cash equivalent like a gift card on behalf of the organization may cause them to be considered an employee or an independent contractor by government agencies. And the IRS considers cash gifts (including gift cards) as reportable income on the recipient's tax filings. For these reasons, our policies and procedures expressly forbid giving gift cards purchased with PTA funds: "PTA funds cannot be used to purchase personal gifts for staff or volunteers, such as gift cards."

### **What can PTAs do for staff appreciation while schools are closed?**

- If local businesses or members of the community wish to donate gift cards/certificates to school staff, you may facilitate that donation.
- You may pay for a staff appreciation meal for all staff members by paying a restaurant directly. Many restaurants are now offering "fixed price" menus for pickup and/or delivery. You may pay a restaurant to provide such a meal to each staff member at your school and then let the staff know how to contact the restaurant to pick up/receive delivery of their meal.
- You can issue a "rain check" for your usual staff appreciation activities and plan to hold them as soon as in person school resumes or whenever large gatherings of people are permitted again.
- You can send thank you cards (by mail, email, or social media) thanking staff for all their amazing work during this trying time. Notes from parents and/or students will be particularly meaningful. You should work with the school principal to determine the best way to distribute these notes to the staff.

### **National PTA has provided these useful resources and ideas for our local units to utilize for Teacher Appreciation**

<https://www.pta.org/home/events/PTA-Teacher-Appreciation-Week>

Did you know that National PTA has a Pinterest Board full of ideas?

<https://www.pinterest.com/nationalpta/pta-resources/teacher-appreciation-week/>

Additional ideas and information also available in National PTA's OUR CHILDREN MAGAZINE

<https://ptaourchildren.org/>

Follow us on FACEBOOK @Arizona State PTA for additional ideas for Teacher/Staff/Volunteer Appreciation and to share what your local unit is doing.

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