



# BANKING & E-COMMERCE POLICY

Local PTA Units may utilize electronic commerce to receive and spend monies. See detailed policies below. There are many options such as CheddarUp.com and SquareUp.com. MoneyMinder.com partnered with CheddarUp.com and offers cost-effective Team Edition store front for free if you use MoneyMinder.

## Employer Identification Number (EIN)

An IRS Employer Identification Number (EIN), also known as a Federal Tax Identification Number (TIN), is a nine-digit number assigned to business entities by the Internal Revenue Service. A unit's EIN identifies it as a non-profit organization. LPTA requires each PTA to apply for an EIN when it organizes. This number is used on all bank accounts and tax returns. Never use an individual's Social Security Number to open a bank account. Some online processing businesses and the application for an EIN do require a personal Social Security Number.

## Authorized Signatures

Acquire signature forms from a bank for checking and any other accounts. The Treasurer must be listed on the forms to be authorized to sign checks and withdraw funds. Only current elected PTA officers have the authority to sign checks. Three people are required as signers on the checking account. Check signers are not allowed to sign a check payable to themselves. All PTA checks should require two signatures. **A school employee may have signing authority on a PTA account ONLY if they are an elected officer of the PTA.**

## Checking Account

Every unit will have its own bank account. Banks require an EIN, Articles of Incorporation, and minutes from the election of the Board, plus other possible documentation to open an account. Never use an individual's Social Security Number to open a PTA account. Each unit must have its own EIN. Local Units cannot use a school or school district's EIN. To acquire an EIN, search online for "Apply for an IRS EIN" and follow the link to the IRS.

## Savings Account

A unit may have a small contingency savings account to maintain financial stability. As a guide, the amount in the account should not exceed one-half of the unit's budget for an average year.

**Debit Cards** are issued only to authorized signers on the bank account and must include the name of the PTA. The Treasurer logs who has a debit card and its account number. Cash transactions (ATM, cash back, etc.) are not allowed. Credit cards are not allowed. Prior to use of the debit card, an Expense Form is completed with two signatures and submitted. Following the purchase, the receipt is given to the Treasurer and attached to the Expense Form. A change in signer on the checking account requires the previous debit card to be destroyed. The minutes shall reflect the approval of debit cards for the PTA and shared with the bank.

**Recurring payments** for PTA expenses are allowed to be deducted directly from the bank account with properly documented Expense Forms using a debit card or e-check.

**Online and/or point of sale payment collection systems** must be in the PTA's name. If a personal Social Security Number is required as per Federal banking laws, only an authorized signer may be used. The payment collection system's statements must be clear with detailed and accessible information on a real-time basis. The PTA must have immediate access to know who has paid, the purpose of the payments, and the expected cash transfer amount. All revenue is entered into the budget's corresponding line item.

**Venmo and Zelle are NOT allowed** because it is a peer-to-peer platform. Individualized reports are not available. They do not have the same high standards and regulations as federal banking rules. The use of Venmo is not covered by insurance and bond policies, leaving the PTA vulnerable to fraud and theft. **PayPal is currently allowed.**

**All deposit transfers** must occur at least monthly and use a Deposit Form. One Deposit Form can be used for multiple transactions. When accepting credit card payments for PTA business, know the payment collection's policies on handling cards that do not read correctly. Do not write down card numbers for any reason. Accept only those transactions that are immediately authorized. The PTA does not record account numbers for future settlement.

**For electronic payment disputes**, the PTA should research the payment collection system's policies on challenging a disputed payment. Only the Treasurer may issue a refund to the customer. Respond to any challenge of payment promptly and accurately. Confirming a refund requires the same approvals and documentation as required for an Expense Form. Record the authorized refund in the check registry prior to withdrawal. Withhold goods and services until the dispute is cleared. Treat disputes in the same manner as a non-sufficient funds check.

## **Deposits**

It is important that the Treasurer receive all funds for the PTA and promptly deposit them into the PTA's bank account. National PTA recommends depositing funds within one day. One should only manage PTA funds and may not deposit funds of other organizations into the PTA account. A signed Deposit Form shall accompany each deposit with two signatures required for cash deposits. The Deposit Form is included in the forms section.

**Two people shall count all deposits.** The chair turning over the money keeps a copy of the Deposit Form or may request a receipt from the Treasurer for their records. The Treasurer should not keep cash in their car or home. The deposit should be made the day of collection. If a large amount of money is to be collected at a time when the banks are not open, arrangements should be made to make a night deposit or kept in the school safe. Prior to placing money in the school safe, it must be counted by two PTA Board members. Document the amount and sign. After making a deposit, the Treasurer should attach a copy of the deposit slip, the bank receipt, and copies of deposited checks if possible.

**The PTA may deposit checks electronically** via a mobile application or online system. After deposit, write on the front of the check, "Deposit Completed," confirmation number, and the date. Consult with your bank regarding how long to keep checks prior to destroying. Proper documentation is required as with a traditional bank deposit and a confirmation of the deposit should be attached to the Deposit Form.

**PTA sponsorships** may be offered by local PTAs in return for intangible benefits. For example, for a \$250 sponsorship, a PTA may include a company's logo and name in their monthly newsletter, on a banner hung on the school fence, or in a post on a social media site. PTAs often provide tiers of sponsorships based on donation levels. The guidelines for sponsorships mirror the Noncommercial Policy and Co-Venturing Guidelines.

## **Donors And Charitable Contributions**

PTAs must be prepared to issue receipts for contributions made, regardless of the amount or value. Canceled checks are not sufficient. There is no required format for the receipt, and Social Security Numbers are not required. At a minimum, the receipt must reflect the donor's name, date, cash amount received or a description of the property received (but not the value), a statement that no goods or services were provided by the organization in return for the contribution, and the PTA's name. If a donor receives the value of goods or services for the donation, only the portion in excess of the value is deemed a donation. A description and good faith estimate of the value of goods or services that an organization provided (if any) in return for the contribution must be included in the written acknowledgment. A donor cannot claim a deduction of \$250 or more unless the donor obtains a written acknowledgment of the contribution. Sample Donation Letter is at the end of this section.

PTAs are required by IRS disclosure rules to inform prospective donors about the extent to which their contributions are legally tax-deductible. 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. For example, if a spaghetti supper ticket sells for \$20 and the value of the meal is determined to be \$5, the purchaser is entitled to a \$15 charitable contribution deduction. The \$5 is not the cost to the PTA, but the value of a prepared and served meal allowing for a reasonable profit.

## Expenses

Pay PTA expenditures with a check or PTA debit card. Every purchase must have a signed Expense Form with a receipt or invoice attached. Approving the budget is the way the membership of the PTA approves unit spending. If there is no line item to support a request for payment, payment may not be made. Occasionally, a request for reimbursement may be made without a receipt. The receipt was lost, or personal items were used such as stamps or the partial cost of a toner cartridge for printing materials. The person may complete an Expense Form and attach a detailed explanation. The Expense Form is at the end of this section.

## Gift Cards or Certificates

Any gift cards or certificates purchased by a PTA should not exceed \$25 each in value and must be retail-specific (branded cards of restaurants, stores, etc.). Generic cards like a MasterCard or Visa gift card are not permitted. Gift cards are cash equivalents, so PTAs should exercise the same care when storing and distributing gift cards. If a gift card is donated to the PTA for the purpose of subsidizing PTA expenses, complete a PTA Expense Form.

Field trips are a wonderful way to give back to your school community. However, whether the field trip is the PTA's event or the PTA gifts money to the school for a field trip, you could face liability. Gifting money to the school significantly reduces liability but is no guarantee the PTA will not be held liable. Contact your insurance provider to review the insurance coverage.

## PTA Membership Dues

Local Units must submit dues of \$3.50/member to LAPTA, which includes the National PTA and LAPTA dues portion. According to the IRS, the National PTA and LAPTA dues portions never belong to a Local Unit. They should not be included in the budget as money to be spent for budget planning purposes. They are also not included in the gross receipts when reporting income to the IRS. Dues paid to LAPTA are excluded from the IRS tax filing.



Local PTA Units are an affiliation of National PTA and Louisiana PTA which have a membership structure. When the local member at the school submits PTA dues, the Local Unit is required to submit \$3.50 in dues to LAPTA. This amount includes \$1.25 dues that go to LAPTA and \$2.25 dues that LAPTA forwards to National PTA. Dues are submitted to LAPTA through CheddarUp.com. E-checks are the preferred payment method. Submit unit dues at [my.cheddarup.com/c/collect-local-unit-dues](https://my.cheddarup.com/c/collect-local-unit-dues). LAPTA does not provide paper membership cards. The template for membership cards is available at [LouisianaPTA.org/membership](https://LouisianaPTA.org/membership). PTA memberships are sold to individuals. If a PTA wishes to sell family memberships, it must collect enough to cover the state and national portions of \$3.50 *per person* in the family. For this reason, family memberships are discouraged.

## Bank Statements & Reconciliation

The PTA's permanent mailing address for bank accounts is the school's address. All bank statements must be physically signed by a person who is not authorized on the account. Reconcile the bank statement each month and compare with the register balance to ensure that bank and financial records are correct. After reconciliation, present the report at PTA meetings for review and file the report in the Treasurer's Binder. For the protection of the PTA, it is recommended that a Board Member who does not sign checks also reconciles the bank statement.

MoneyMinder.com is a financial site that works with non-profits and is used by LAPTA. It makes the transition between old and new Treasurers much easier, keeping all banking information easily accessible from year to year. The cost of \$179/year must be included in the budget.

## Checks Returned for Non-Sufficient Funds (NSF)

If a check is returned due to insufficient funds, email or call the writer of the check and request repayment be made within 10 days. They might ask to redeposit the check or send money order or cash. Remember to inform the person that he owes bank fees charged to the PTA. Keep a detailed log of all contacts with the check writer, bank, or parties involved. If payment is not received within 30 days from the initial contact, send a certified letter and request a return receipt. The letter should include a demand for payment and bank fees in cash. Do not accept another check. Keep a copy of the letter for the files. Sample letter is at end of this section