

OPERATING GUIDANCE

Support for Louisiana PTA Local Units



School Officials and PTA Funds

As a 501(c)(3) nonprofit organization, PTA is an independent association designated by its unique IRS Employee Identification Number (EIN) and governed by its Board of Directors and membership. It is required to uphold a Duty of Care, Duty of Loyalty, and Duty of Obedience to the local PTA, Louisiana PTA, and National PTA. Its priority and legal obligation with the IRS are to further the mission of PTA. All local PTAs fall under the Louisiana PTA tax umbrella. The IRS does not classify PTA as an educational organization but as a civic organization with the primary activity listed with the IRS as "Parent Teacher and Student Advocacy." If any of these components are not upheld, then the IRS has the authority to remove the nonprofit status and Louisiana PTA can revoke its charter.

Commingling of private and public funds is forbidden by the IRS. This is cause for revocation of the nonprofit status and is considered tax fraud if educational and PTA funds are commingled. PTA funds belong to the members, and the general membership as a whole approves the proposed budget and utilization of those funds. The PTA Board of Directors is then responsible for the proper management of the PTA funds.

A school official (a school employee with authority over teachers) may be on the Board of Directors although not on the Executive Committee as that presents the impression of having undue financial influence over the PTA's spending. A school official may not be an authorized signer on the PTA accounts. A school employee, and not a school official, may have signing authority on a PTA account only if they are an elected officer of the PTA. The PTA checkbook resides with the PTA Treasurer. A minimum of three authorized bank signatories are required on the bank account with two of these being the President and the Treasurer.

Bank statements are mailed to the PTA's permanent address which is the school's address or are printed electronically. All bank statements are reviewed and signed by a non-signatory as required by insurance providers.

PTAs annually submit their Active Affiliation Report to LAPTA which includes documentation of IRS tax filing, LA Secretary of State annual filing, current Bylaws, approved budget, insurance declaration page, LAPTA training, and the PTA Audit Report. The audit of the previous year's financial books is conducted by three or more people who are not authorized signatories. LAPTA reviews all documentation.

Further details on the PTA Treasurer role are in the [LAPTA Toolkit: Treasurer](#) at LouisianaPTA.org/treasurer.

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National PTA Headquarters
1250 N. Pitt Street
Alexandria, Virginia 22314

Ladies and Gentlemen:

As you know, we serve as legal counsel for the National PTA. You have informed us that, from time to time, school personnel and other government representatives seek to assert control over or direct the use of funds of local PTAs. The purpose of this letter is to describe the structure of local PTAs and to confirm that they represent independent nonprofit entities which are subject to direction only by their state PTA and the National PTA.

The PTA has a tri-level structure: National, state and local. The National PTA is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has established affiliates in all states to establish and direct local PTAs. Both the National PTA and the state PTAs have established strict procedures for chartering PTAs at the local level. Local PTAs are also nonprofit entities exempt from federal income tax.

Local PTAs are not supporting organizations, clubs or booster groups for any schools. They are separate legal entities which further the PTA mission of providing parents and families with a powerful voice to speak on behalf of children. Local PTAs work in harmony with school personnel, but they are not part of any school and are not subject to direction or control in any manner by school personnel.

We trust this explanation clarifies the status of local PTAs and will prevent misunderstanding in the future.

Sincerely,



Paula Cozzi Goedert
Partner

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