

Disclosure Statements

PTAs are required by IRS disclosure rules to inform prospective donors about the extent to which their contributions are legally tax deductible.

This disclosure must be prominent on any invitations or fund-raising material and should indicate:

- The fair market value of any tangible benefits received in exchange for a contribution
- The portion of the donation that is deductible as a charitable contribution.

If a PTA holds a fund-raising 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 is the value of a prepared and served meal, which the donor is considered to be purchasing.

U.S. Postal Regulations

A PTA should exercise caution in using its not-for-profit standard mailing permit. If in doubt, it is best to show the standard mail coordinator at the local post office a sample of what the PTA is intending to send with its permit to make certain the material meets applicable postal regulations.

The post office has the right to open any standard mailing for examination and hold any mailing not in compliance.

Two areas of concern:

- Misleading direct mail pieces such as the distribution of flyers of other organizations submitted to PTA.
- Allowing the permit to be used in a cooperative mailing with for-profit businesses. Fines may be imposed if abuses are found.

Records Retention

Certain PTA records should be stored in a safe place and kept:

Permanently:

- Annual audit reports
- Articles of Incorporation
- Bylaws and all amendments
- Canceled checks paid to taxes, contracts, important items
- Contracts and leases still in effect
- Corporation reports filed with the secretary of state
- Equipment owned by the PTA
- Insurance records, accident reports, claims, policies, certificates
- Legal correspondence
- Journals
- Minute books
- PTA charter
- Standing rules or Procedures that are current
- Tax exempt status documents: letters of determination, FEIN numbers, correspondence with IRS
- Tax returns; Form 990T, if applicable, for UBI

Ten Years:

- Financial statements and budgets
- Grant award forms, correspondence

Seven Years:

- Accounts payable records
- Canceled checks for regular business
- Cash receipt records
- Contracts and leases that have expired
- Inventories
- Invoices, purchase orders and sales receipts
- Sales records
- Vouchers

Three Years:

- General correspondence
- Bank records
- Petty Cash vouchers

One Year:

- Bank reconciliations
- Correspondence with vendors
- Duplicate deposit slips