

Financial benefits of being a **PTA**[®] in California

PTAs are dedicated to positively impacting the lives of all children and families. Being a PTA also makes excellent financial sense. PTA units and councils benefit from experienced guidance, cost-saving opportunities and fiscal safeguards that only the state's largest and oldest volunteer nonprofit association can provide. Being a PTA is the best way to maximize your local resources, while ensuring long-term financial stability and peace of mind.



Financial procedures

Organizers of non-PTA parent groups may show you how to set up a local nonprofit organization, but then you're on your own.

With PTA, you are never alone. PTA has spent years developing and refining effective financial procedures. Every year, we train thousands of volunteers to use these procedures to maximize and protect the assets of their organizations. Following PTA's financial procedures protects you against embezzlement, theft, and government penalties and fines.

In addition, as part of a well-run nonprofit association, PTAs are better positioned to apply for and receive grants and to participate in hundreds of new and innovative programs that support your efforts on behalf of children.

Insurance

Non-PTA parent organizations must purchase their own insurance. As a result, these other organizations usually carry only general liability insurance and must purchase other policies separately. This places the organizations at risk. For instance, if they choose to forgo directors and officers insurance, each officer can be sued individually and held individually liable for the obligations of the organization.

Total insurance coverage comparable to the amount of coverage the California State PTA provides to each unit can cost several thousand dollars. Yet, because of our large-scale purchasing power and financial procedures, PTA provides extensive coverage for about \$200 annually. PTA insurance includes general liability, workers compensation, directors and officers, and bonding insurance. If local officers, who have followed PTA policies and procedures, are ever sued for actions of the PTA, the insurance company will secure legal representation.

Sales tax

Other non-PTA parent groups must charge sales tax to consumers on all fundraising sales, including auctions. They must hold all tax monies collected, remit sales tax quarterly and file quarterly tax reports.

When your local PTA sells items, such as for fundraisers, you are not required to charge sales tax on those items or file quarterly sales tax reports. PTA entities pay sales tax at time of purchases as the State Board of Equalization has determined PTA to be consumers.

Charitable Trust (CT) Number and Registration Renewal Fee Report (RRF1)

Non-PTA parent organizations must apply for a Charitable Trust number with the Attorney General's Registry of Charitable Trusts and file annual RRF1 reports.

PTA units are not required to register unless they are separately incorporated.

PTAs do not need to obtain a CT number to hold a raffle or gaming night. PTAs must file the appropriate raffle or gaming paperwork obtained through the State Attorney General's office. The Attorney General's office uses employer identification numbers (EIN) for tracking purposes.

Incorporation and Non-profit status

For officers of other parent organizations to receive the benefits and protections afforded by incorporation, those organizations must individually incorporate at a cost of approximately \$1000. These organizations also have to apply to the IRS and to the Franchise Tax Board for non-profit status. The cost exceeds \$800.

PTA units do not need to incorporate separately because they are already covered under the corporate veil of the California State PTA. PTAs have a blanket exemption from both the IRS and the Franchise Tax Board

State Income Tax Form 199

Other parent organizations must file their own state taxes.

PTA units do not need to file this form. California State PTA files for all units and councils. Incorporated councils need to file CA Form 199.

Federal Tax Report Form 990, 990A or 990N

All nonprofits must file the federal form 990, 990A or 990N. The California State PTA provides units with valuable information on compliance and the filing requirement to protect the PTA from loss of nonprofit status or a penalty.

Your children deserve the very best. Help ensure fiscal stability and maximize your local assets by being a part of California State PTA.