

Questions asked by the PTA board:

The PTA national controller email (attached) appears to be a "condition or limitation" to this proposal, and needs to be addressed.

-----Original Message-----

From: Bell, Sandy [HSI] [mailto:Sandra.Bell2@providence.org]

Sent: Monday, June 01, 2009 9:05 PM

To: diane@avenoso.com

Cc: president.elect@oregonpta.org; jackeeduvall@hotmail.com;

ncmom9700@verizon.net

Subject: RE: Duniway PTA Reserves

Diane, I have had a chance to speak voice to voice with the Controller for National PTA, Janiece Aikens.

My understanding from this e-mail chain is that you wish to gift your reserves to the Duniway school foundation (I'm assuming another 501c3 organization) for the purpose of funding a part time music teacher who's position has been identified for elimination.

National PTA suggests that you do not make a contribution of this size to the Duniway foundation for the following reasons (in addition to the details that have been previously mentioned):

- Giving a "substantial" amount of your annual budget to another 501c3 is likely to be viewed as laundering. Money is required to be used for the purpose raised. These issues are covered in detail in earlier correspondence with Anita Olsen and are at the bottom of this e-mail string.
- The IRS has received funding and has hired staff to scrutinize non-profit organizations and is looking carefully at 990 filings. The forensic accountants they have hired are very dogmatic in their approach and interpret the code literally without the benefit of flexibility to interpret the intention of the law. In several states PTAs have come under focused scrutiny where political conflicts have caused the anti-tax activists to question how this money is spent.
- Consideration should be given to the reality that if the IRS determines that an audit is required, it will likely notify your PTA after the current officers no longer hold their positions. The rationale for this type of grant may not be understood by the sitting Board who could not defend the decision.
- There are states who are attempting to pass legislation requiring any school affiliated organization to turn over all funds to the school. PTA is a separate and independent organization but each time we directly support programs created and managed by the school it creates precedent that we are somehow not independent and so subject to this type of ongoing pressure.

Please let me know if you know if you have other questions.

Sandy Bell, President

Oregon PTA

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-----Original Message-----

From: Diane Avenoso [mailto:diane@avenoso.com]

Sent: Fri 5/29/2009 10:54 PM

To: Bell, Sandy [HSI]

Cc: president.elect@oregonpta.org; 'Jackee Duvall'; adluther@msn.com

Subject: RE: Duniway PTA Reserves

Thank you, Sandy - I appreciate your thoughtful response. The Oregon PTA Officers' Manual, Money Matters section, page 8 under Tax-exempt Status, 501c3 - Charitable Organizations, states, "Contributions by local units to other 501c3 organizations should not be made without the written consent of Oregon PTA in order to protect local unit's status."

We'll look forward to your replay from National.
Best Regards,

Response:

Thank you for the response to our proposal. We have been looking at this issue, and while we do not have a formal write-up yet, we want to share what we have found thus far. Our belief is that this type of funding from a PTA to an educational foundation is not prohibited, and that in fact such requests were anticipated.

We have reviewed the Oregon PTA Officers' Manual that Sandy references below. A section of the manual (Pages 16 and 17 of Money Matters) is entitled "PTA and Education Foundations" and address the processes and considerations for a PTA to provide funds to a Foundation.

<http://www.oregonpta.org/Resources/Chapter%206%20Money%20Matters.pdf>

The section outlines necessary processes such as a member vote with advance notice, which the Duniway PTA has put in place. From our read, we believe that the inclusion of this section shows that such funding requests were anticipated as PTA and Foundations work together in Oregon, as long as appropriate considerations and processes are in place. We also believe this section recognizes Foundations as different than other 501c3s referenced on page 8 in the manual given the complimentary objectives of the organizations.

Additionally, we have also received advisement from an attorney and have reviewed the by-laws/articles for the National/Oregon/local unit PTAs, and there does not appear to be an explicit prohibition.

We appreciate the transparency you have brought to this process. We understand the timelines involved, and we will work to complete our research and expeditiously document so that this information can be considered as a part of our proposal.

We will touch base with you on this tomorrow about next steps. Thanks again and best regards,

Tom

Tom Brim
Duniway Foundation President