

# ISSAQAH HIGH PTSA

## Gift Card Policy

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Last Revised: September 30, 2021

IH PTSA should follow current guidance by the Washington State PTA with particular attention paid to these statements found on the following Washington State PTA webpage. (9/30/2021)  
<https://www.wastatepta.org/gift-cards-families-in-need-and-appreciation-gifts/>

### **Gift Cards as Appreciation**

The IRS considers gift cards cash, and when gift cards are given to volunteers, the IRS considers them compensation.

1. Never give a gift card that has been purchased with PTA funds to a member of the board of directors. The IRS is specific on this question: No amount of PTA funds may inure to the benefit of an “insider”.
2. Although it is allowable to give gift cards to volunteers in a nominal amount, it is not recommended. Cash gifts and gift cards that are given for volunteering (in any amount) are treated by the IRS like a stipend or other type of compensation – so even though they are allowed, they are considered taxable income by the IRS. Volunteers are required to report them as taxable income, and the PTA is required to pay taxes and FICA on the amount given, just as they would if they were paying an employee.
3. While it’s preferred that PTAs show appreciation in other ways, gift cards for staff or teacher appreciation are generally allowed if the amount is insubstantial (under \$25) and the funds are part of a member-approved budget line item for staff appreciation.

### **Gift Cards for Families in Need**

PTA funds must serve a “class” or group of people, not individuals. Nonprofits are organized for the benefit of the public, not individuals, and they must serve a charitable class.

It is not recommended that PTAs purchase gift cards for this type of program with PTA funds; it is preferable to receive gift cards that are used or passed on as needs arise.

### **Considerations**

Gift card donations should be handled like cash donations. The PTA should give the donor a cash receipt, must keep a record of each donation, and track the funds as donation income in bookkeeping. Best practice would be to track gift cards as a separate, restricted fund, and to include this report in the monthly financial reports.

Likewise, when cards are distributed, those funds must also appear in the PTA bookkeeping. If the PTA is using donated gift cards to purchase items that are then distributed, there should also be a system in place to ensure that all items purchased are accounted for.