

ADDITIONAL FUNDRAISING INFORMATION

What to Look for in a Fundraising Agreement

Although some companies do not require PTAs and other customers to sign a formal contract, most rely on some type of written statement to document arrangements. That approach, too, is in the best interest of the PTA. With all major decisions in writing, both parties can assume responsibility for complying with the terms, and begin the fundraising project with a clear understanding of mutual responsibilities. Here are some things to look for when reviewing a fundraising agreement:

- Check all the numbers. Be sure the costs, amount of profit to the group, etc. are the same as those agreed to verbally.
- Review the list of agreed-upon services to be sure it is clear who does what, and who pays for it.
- Are all the promotional materials you reviewed and approved, such as take-home brochures, display kit, sample packs, etc. listed? Have these been approved by your school's principal?
- Look for important dates and confirm that they are consistent with your verbal agreement.
- Be sure procedures for handling damaged, unsold, or out-of-stock merchandise are included.
- Make certain all appropriate signatures are included and that it is clearly an agreement between two organizations, not between two individuals.
- The school, namely, the principal, must not sign any contract for the PTA. **PTA President must sign all PTA contracts.**

Be careful with contracts.

When PTAs raise money by selling a product they receive from a vendor, sometimes the PTA is asked to sign a contract that requires a minimum purchase of the vendor's product. If the minimum purchase is not reached, the PTA may be required to make up the difference. Any contract the PTA is asked to sign should be examined thoroughly by a person familiar with contracts. While it is less likely that a general liability policy will cover contractual issues, the PTA may have the option of adding such a provision to its policy.

Avoid Risks When Offering Games of Chance

If a PTA is considering games of chance, such as a raffle, bingo, or casino nights, organizers should know about the related laws at the state, local and school district level. Funds raised through games of chance may be subject to taxation. Also, in extreme circumstances, fundraising through games of chance may cause a PTA to lose its tax-exempt status. If games of chance or auctions are permitted, the event may require special registration with state or local authorities.

Product Liability

Product liability concerns will vary depending on the product that is sold: Gift wrap or magazine subscriptions, for example, are less likely to cause harm to an individual than food items. Food items can pose a higher product liability risk because of the potential for mishaps that may result from improper sanitation, storage or preparation. The important point here is to consult the PTA's insurance company. In some cases an insurance company will choose to increase the amount of the PTA's coverage (and, therefore, the insurance premium) because a certain fundraising product poses a higher risk.