

PTA Accounting Guidelines for Noncash Contributions Transactions

Noncash contributions, also called in-kind donations, are donations of goods or services to a PTA, other than cash. These gifts or contributions are used for PTA programs, fundraising or to support the operations of a PTA as a non-profit organization.

Common PTA noncash contributions include, but are not limited to:

- Gift cards
- Food or beverage items
- Furniture, equipment or supplies
- Items to be used in auctions or other fundraisers
- Items to be used in raffles
- Services (if they require specialized skills, are provided by entities or persons possessing those skills, and would be purchased if not donated)¹

Each contribution of goods or services to a PTA should be recorded as “Noncash income” at the fair market value of the goods or services when the contribution is received by the association. The PTA does not establish the fair market value but may rely on a good faith estimate by the donor, a receipt for the donor’s purchase of the item, or other proof of the item’s value.

Noncash contributions are reportable on state and federal tax filings, including updated forms required by the Attorney General’s Registry of Charitable Trusts (Form CT-TR-1).

In general, when a PTA receives a noncash contribution of goods or services, the PTA should record:

Increase to “Noncash income” – for the dollar value of the contribution
Increase to “Noncash expense” – for the dollar value of the contribution

The amount of “Noncash contributions” reportable on the PTA’s tax filings from the above example is the dollar value of the “Noncash income”.

Noncash contributions should be evaluated to determine usefulness to the organization before acceptance. Refer to CAPTA Toolkit “[Providing Documentation to Donors](#)” for guidance on acknowledgement of contributions, including noncash contributions.

Refer to the [CAPTA Tax Filing Support Center](#) for information, forms and annotated forms to help your PTA meet federal and state reporting requirements.

¹ PTA volunteer hours, in general, do not qualify as noncash contributions. Often board members or volunteers bring a wealth of skill and experience to the PTA. Unless specific services are performed that the PTA would normally pay for, the service is simply included in volunteer hours. Contact your council, district PTA representatives or non-profit tax accountants for guidance.

APPENDIX:
Additional PTA Accounting Procedures
by Non-cash Contributions Type

I. Contributions of items a PTA uses for programs, fundraising or to run your PTA

Examples include food/beverage items, furniture/equipment/supplies, services, etc.

1. In your PTA accounting program, you should establish Noncash contributions income and expense accounts/categories (for example, if using MyPTEZ the accounts would be):
 - a. “Noncash income – [income category]”
 - b. “Noncash expenses – [expense category]”

Depending on the type and use of the contributions, classify the Noncash income and expense accounts/categories under Programs, Fundraising or Administration.

2. When a PTA receives Noncash contributions:
 - a. Record an increase to “Noncash income – [income category]” for the fair market value of the contribution
 - b. Record an increase to “Noncash expenses – [expense category]” for the fair market value of the contribution

Example of goods received: PTA XYZ receives a contribution of ten 32-pack water bottles to be used at the upcoming Fun-Run Fundraiser. Each 32-pack of water bottles costs \$3.99 at the local store, so the fair market value of ten 32-packs of water is \$39.90. PTA XYZ should:

- a. Increase “Noncash income – Fun-Run” (under Fundraising income) by \$39.90
- b. Increase “Noncash expenses – Fun-Run” (under Fundraising expense) by \$39.90

The amount of “Noncash contributions” reportable on the PTA’s tax filings from the above example is \$39.90.

II. Contributions of donated services (i.e., legal or accounting services)

1. In your PTA accounting program, you should establish Noncash contributions income and asset accounts/categories (for example, if using MyPTEZ the entries would be):
 - a. “Noncash income – [type of service]” (under Administrative)
 - b. “Noncash expense – [type of service]” (under Administrative)

2. When a PTA receives donated services:
 - a. Record an increase to “Noncash income – [type of service]” for the fair market value of the donated services
 - b. Record an increase to “Noncash expense – [type of service]” for the fair market value of the donated services

Example of donated services: PTA DDD received tax preparation services donated by an association member who is a CPA, but is not a Board member. The estimated fair market value of the tax services, as determined by the CPA, was \$400. PTA DDD should:

- a. Increase “Noncash income – Accounting” (under Administrative) by \$400
- b. Increase “Noncash expenses – Accounting” (under Administrative) by \$400

The amount of “Noncash contributions” reportable on the PTA’s tax filings from the above example is \$400.

III. Contributions of Gift Cards (to be used by the PTA)

1. In your PTA accounting program, you should establish Noncash contributions income, expense and asset accounts/categories (for example, if using MyPTEZ the entries would be):
 - a. “Noncash income – [income category]”
 - b. “Noncash expenses – [expense category]”
 - c. “Noncash asset – [asset type]”

Depending on the type and use of the contributions, classify the Noncash income and expense accounts/categories under Programs, Fundraising or Administration.

2. When a PTA receives a contribution of a gift card:
 - a. Record an increase to “Noncash income – Gift Cards” for the value of the gift card
 - b. Record an increase to “Noncash asset – Gift Cards” for the value of the gift card
3. When the gift card is used by the PTA:
 - a. Record a decrease to “Noncash asset – Gift Cards” for the amount used
 - b. Record an increase to “Noncash expense – [expense category]” for the amount used

Example: PTA ABC receives a gift card to the local grocery store for \$100 to be used for the upcoming Teacher Appreciation lunch. PTA ABC should:

- a. Increase “Noncash income – Gift Cards” (under Programs) by \$100
- b. Increase “Noncash asset – Gift Cards” by \$100

The hospitality chairperson spends \$80 at the local grocery store for food and supplies for the upcoming Teacher Appreciation lunch. PTA ABC should:

- a. Decrease “Noncash asset – Gift Cards” by \$80
- b. Increase “Noncash expense – Teacher Appreciation” (under Programs) by \$80

PTA ABC will have a remaining “Noncash asset – Gift Cards” balance of \$20 to be used in the future.

The amount of “Noncash contributions” reportable on the PTA’s tax filings from the above example is \$100.

IV. Contributions of items to be used in auctions, raffles or other fundraising events

1. In your PTA accounting program, you should establish Noncash contributions income and asset accounts/categories (for example, if using MyPTEZ the entries would be):
 - a. “Noncash income – [event name]” (under Fundraising)
 - b. “Noncash asset – [asset type]”
2. When a PTA receives a contribution for a fundraising event:
 - a. Record an increase to “Noncash income – [event name]” for the fair market value of the contribution
 - b. Record an increase to “Noncash asset – [asset type]” for the fair market value of the contribution
3. When the donated item is raffled or auctioned by the PTA:
 - a. If the amount received for the item is EQUAL TO the original recorded value:
 - i. Increase “Cash” by the actual amount received
 - ii. Decrease “Noncash asset – [asset type]” by the amount received/original recorded value
 - b. If the amount received for the item is GREATER THAN the original recorded value:
 - i. Increase “Cash” by the actual amount received
 - ii. Decrease “Noncash asset – [asset type]” by the original recorded value
 - iii. Increase “Noncash income – [event name]” by the difference between the original recorded value and the actual amount received
 - c. If the amount received for the item is LESS THAN the original recorded value:
 - i. Increase “Cash” by the actual amount received
 - ii. Decrease “Noncash asset – [asset type]” by the original recorded value
 - iii. Decrease “Noncash income – [event name]” by the difference between the original recorded value and the actual amount received

Example #1: Amount received at the fundraiser is EQUAL TO the original recorded value of noncash contributions.

PTA AAA receives a silent auction basket for the upcoming Silent Auction Fundraiser. The actual fair market value of the basket is unknown, but the donor estimated the value of the basket in good faith at \$400. PTA AAA should:

- a. Increase “Noncash income – Silent Auction” (under Fundraising) by \$400
- b. Increase “Noncash asset – Silent Auction Basket” by \$400.

The actual amount received for the basket at the silent auction was \$400. PTA AAA should:

- a. Increase “Cash” by \$400
- b. Decrease “Noncash asset – Silent Auction Basket” by \$400

The asset is removed from the accounts and “Noncash income – Silent Auction Basket” is equal to the actual cash received for the item.

The amount of “Noncash contributions” reportable on the PTA’s tax filings from the above example is \$400.

Example #2: Amount received at the fundraiser is GREATER THAN the original recorded value of noncash contributions.

PTA BBB receives a silent auction basket for the upcoming Silent Auction Fundraiser. The actual fair market value of the basket is unknown, but the donor estimated the value of the basket in good faith at \$400. PTA BBB should:

- a. Increase “Noncash income – Silent Auction” (under Fundraising) by \$400
- b. Increase “Noncash asset – Silent Auction Basket” by \$400

Luckily, the actual amount received for the basket at the silent auction was \$500. PTA BBB should:

- a. Increase “Cash” by \$500
- b. Decrease “Noncash asset – Silent Auction Basket” by \$400
- c. Increase “Noncash income – Silent Auction” (under Fundraising) by \$100

The asset is removed from the accounts and “Noncash income – Silent Auction Basket” is equal to the actual cash received for the item.

The amount of “Noncash contributions” reportable on the PTA’s tax filings from the above example is \$500.

Example #3: Amount received at the fundraiser is LESS THAN the original recorded value of noncash contributions.

PTA CCC receives a silent auction basket for the upcoming Silent Auction Fundraiser. The actual fair market value of the basket is unknown, but the donor estimated the value of the basket in good faith at \$400. PTA CCC should:

- a. Increase “Noncash income – Silent Auction” (under Fundraising) by \$400
- b. Increase “Noncash asset – Silent Auction Basket” by \$400

Unfortunately, the actual amount received for the basket at the silent auction was only \$300. PTA CCC should:

- a. Increase “Cash” by \$300
- b. Decrease “Noncash asset – Silent Auction Basket” by \$400
- c. Decrease “Noncash income – Silent Auction” (under Fundraising) by \$100

The asset is removed from the accounts and “Noncash income – Silent Auction Basket” is equal to the actual cash received for the item.

The amount of “Noncash contributions” reportable on the PTA’s tax filings from the above example is \$300.