

PTA Council of Frederick County

PTA[®]

everychild.one voice.[®]

TREASURER'S GUIDEBOOK

P. O. Box 3927

Frederick, MD 21705-3927

Email: treasurer@frederickpta.org

Website: [http:// www.frederickpta.org](http://www.frederickpta.org)

ABOUT PTA

VISION Every child's potential is a reality.

MISSION To make every child's potential a reality by engaging and empowering families and communities to advocate for all children.

PURPOSES

- To promote the welfare of children and youth in home, school, places of worship, and throughout the community;
- To raise the standards of home life;
- To advocate for laws that further the education, physical and mental health, welfare, and safety of children and youth;
- To promote the collaboration and engagement of families and educators in the education of children and youth;
- To engage the public in united efforts to secure the physical, mental, emotional, spiritual, and social well-being of all children and youth; and
- To advocate for fiscal responsibility regarding public tax dollars in public education
Funding

PTA NATIONAL STANDARDS FOR FAMILY-SCHOOL PARTNERSHIPS

Standard 1: Welcoming all families into the school community—Families are active participants in the life of the school, and feel welcomed, valued, and connected to each other, to school staff, and to what students are learning and doing in class.

Standard 2: Communicating effectively—Families and school staff engage in regular, two-way, meaningful communication about student learning.

Standard 3: Supporting student success—Families and school staff continuously collaborate to support students' learning and healthy development both at home and at school, and have regular opportunities to strengthen their knowledge and skills to do so effectively.

Standard 4: Speaking up for every child—Families are empowered to be advocates for their own and other children, to ensure that students are treated fairly and have access to learning opportunities that will support their success.

Standard 5: Sharing power—Families and school staff are equal partners in decisions that affect children and families and together inform, influence, and create policies, practices, and programs.

Standard 6: Collaborating with community—Families and school staff collaborate with community members to connect students, families, and staff to expanded learning opportunities, community services, and civic participation.

Useful Contacts and Website Links

PTA Council of Frederick County

Council Treasurer

www.frederickpta.org

treasurer@frederickpta.org

Maryland PTAwww.mdpta.org

Maryland PTA (Glen Burnie)

1-800-707-7972

410-760-6221

office@mdpta.org

Maryland PTA (Glen Burnie) (FAX)

410-760-6344

National PTAwww.pta.org**Maryland Department of State**<http://sos.maryland.gov/>**Maryland State Department of Assessments and Taxation**<http://dat.maryland.gov/>**Maryland Personal Property Return**<http://dat.maryland.gov/businesses/Pages/Business-Personal-Property.aspx>**IRS**

- To file the 990-N

www.irs.gov<http://epostcard.form990.org>**Free or Discounted Accounting Software**

- You must become a member and register your organization.

www.techsoup.org

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Important Dates for Treasurers

TREASURER'S CHECKLIST (All dates assume that your PTA's fiscal year is July 1 – June 30.)

Daily routines may include:

- Collect and count all monies received
- Pay all bills promptly (must have receipt or invoice to pay)
- Keep detailed written and/or electronic records
- Prepare and make bank deposits

Monthly / As Required

- Balance checkbook, Bank statement signed and dated by the President/ Treasurer (and 1 other PTA member-recommended)
- Prepare the Financial Statements for Board and General Meetings
- Mail membership dues to State and Council

July – August

- Make sure to update check signature cards for current officers
- Establish a budget committee and prepare budget for upcoming fiscal year
- PTA records audited by Audit Committee, PTA Council volunteers, or licensed Auditor/CPA *Copy to MD PTA & Council
- Present report of audit to Board of Directors
- Present proposed budget to Board of Directors

September

- Present Audit Report to General Membership
- Present Budget to Membership for adoption; send approved copy to Council
- Mail membership dues to State and Council

October

- Mail membership dues to State and Council

November

- Mail membership dues to State and Council
- Obtain and prepare IRS Form 990/990N/or 990EZ and accompanying Schedules. (Due November 15th) *Copy to MD PTA & Council

December

- Mail membership dues to State and Council
- Complete and mail Annual Renewal of Registration Form for Maryland Charitable Organizations (Due before December 31)
- Submit Sales & Use Tax – report \$0 to 1-800-492-1751 OR file online <https://interactive.marylandtaxes.com/Business/bFile/OSC/SelectApp.aspx>
- Go to <http://www.irs.gov> for IRS Form 1099-Misc for any personnel paid \$600 or more in the previous Calendar Year and for IRS Form 1096 (transmittal form for the 1099's)

January

- Mail membership dues to State and Council
- Mail payee's 1099-Misc – Due January 31
- Mail 1096 to IRS and State – Due February 28

February

- Mail membership dues to State and Council

March

- Mail membership dues to State and Council (FINAL Payment for compliance eligibility is due March 31)

April

- Personal Property Forms for MD – download forms to complete or file online at <https://egov.maryland.gov/BusinessExpress/Account/Logon> (Due April 15th) *Copy to MD PTA & Council

May

- Pay Bonding and Liability Insurance for the next year (Due July 1st)

June

- Prepare end of year financial reports
- Prepare books for financial review audit
- Ensure an auditing committee is selected.
- Prepare to hand over files and books to incoming Treasurer in July

The Role of the Treasurer

The treasurer is the authorized custodian of the PTA's funds. He/she receives and disburses all funds according to the local bylaws and the budget adopted by the membership. The essential "contract" for this activity is the association's annual budget.

The PTA president may appoint a budget committee that includes, and is often chaired by, the treasurer to prepare the proposed budget. The budget consists of two parts, anticipated income (receipts) and proposed expenditures. Income includes dues, fees from locally-sponsored programs, receipts from fundraising events, bank interest, and other contributions. Expenditures include administrative expenses (e.g., dues for PTA Council of Frederick County, Maryland PTA, and National PTA), publicity and correspondence, refreshments, convention registration, committee expenses, and special projects. Unspecified "contingency" accounts should be avoided as much as possible. The budget should be a financial statement of the local PTA's program. After the budget has been drafted, it should be presented to the PTA board of directors for approval (and perhaps modification) and then presented to the PTA membership for approval. During the year, changes in the budget resulting from variations in receipts or expenditures must be approved by the membership after being reviewed by the board of directors. The budget is a working document and must be revised with significant changes in expected revenues or expenses.

The incoming Executive Committee and/or Board of Directors may meet after coming in to office in early July and develop a draft budget. This budget would be brought to the general membership for approval at the first PTA general membership meeting of the year. Until the point at which the general membership votes, expenditures for usual and customary expenses, e.g., projects and programs the PTA has conducted traditionally, could be made within the bounds of prior year expenditures. Such expenditures could include summer membership mailings, Back-to-School events, etc. If possible, reimbursements would be held until the budget was formally adopted.

Key requirements to remember:

- All financial transactions should be handled promptly and accurately.
- All expenditures must be paid by check—with two signatures—never by cash.
- The treasurer should be able to show a cancelled check along with a receipt, voucher (request for payment), or invoice for all expenditures, so that the auditor/reviewer will be able to verify that funds were disbursed properly. (A sample request for payment is included at the end of this Guidebook.)
- Currently, on-line banking (online payments) and PTA debit/credit cards are not allowed under our bylaws.
- A statement of expenses compared to the budget and change in bank accounts (statement of cash flow) should be presented to the board or directors and the PTA membership at each meeting.
- The books should have a Financial Review/Audit annually or anytime there is a change in treasurer or authorized check signer.
- The treasurer and others who handle the PTA funds must be bonded.
- PTA funds must be kept separate from school funds or personal funds.
- Funds should be deposited the day they are received.

The PTA is not required to expend all its income in the year received, but members appreciate funds raised by them being spent on their children the year the funds are raised. Each PTA should carry over just enough funds to pay expenses (such as summer mailings) through the summer and until the first fundraiser and/or dues collection. A PTA should not be accumulating and carrying forward large amounts of money each year.

PTA is a Business

The PTA is a business entity, incorporated in the state of Maryland. As such, and especially as a nonprofit under the corporate umbrella and 501(c)(3) status of Maryland PTA, as determined by the IRS, the PTA must remain in good standing with Maryland PTA AND meet all Federal and state filing requirements. Please do not hesitate to contact the PTA Council of Frederick County Treasurer if at any time the President or Treasurer has questions or needs additional information.

Information about the status of the PTA as a business entity in the state of Maryland is available on the Maryland State Department of Assessment and Taxation web site: <https://egov.maryland.gov/businessexpress/entitysearch>

Financing PTA Activities

PTA funds are means to fulfill the local PTA's purposes and goals and provide services to its members. The income of the local PTA is not a supplement to the budget of local schools. The PTA is not to supply funds for items and/or services that are the responsibility of FCPS.

Primary PTA expenditures include:

- The cost of communications, including a domain and website, a good newsletter, electronic communications, summer membership mailings, and other media to keep all parents informed and involved;
- Funds for leadership, committee, and administrative expenses (stationery, postage, hospitality, preparation of testimony and reports, etc.) so that the organization can function effectively;
- Officers' and members' expenses for PTA conventions, conferences, training; and
- Recognition and appreciation for those who have worked for the PTA and for children, including Maryland PTA honorary life memberships.

Remember that the county, state, and National portion of members' dues do not belong to the local PTA. They should be shown in reports as receipts and disbursements.

Additional expenditures for local PTA-sponsored activities may include:

- Student programs that support the goals of the PTA;
- Cultural arts programs;
- Volunteer activities, and supplies for enrichment programs;
- Student scholarships to participate in a PTA sponsored event; and
- Staff appreciation programs and activities.

For more information on the proper use of PTA funds, see Maryland PTA's Cash Encounters.

Special Programs Many Frederick County PTAs sponsor before-school or after-school programs. These programs should be operated on a not-for-profit basis with careful program development and evaluation. Parents of participating students may pay the fees for these programs through the PTA. Since the PTA Treasurer is responsible for all money collected under PTA auspices, money collected for these programs should be deposited in the PTA bank accounts. In addition, the financial reporting system used by the treasurer should be sufficiently detailed so that the income and expense transactions associated with these special programs are clearly identified in the financial reports.

PTA Budgets

A Budget and Finance Committee has the responsibility for developing a proposed budget for the PTA, and works to ensure that all association funds are expended accordingly. This committee may be elected or appointed in accordance with the PTA bylaws and/or standing rules.

The budget is a financial representation of the activities and operations a PTA expects to conduct during the Association's fiscal year, as determined in the PTA's bylaws.

The association is obligated to use its funds for the purpose for which they are raised, and this purpose is to finance PTA programs and service. PTAs do not raise funds for other organizations.

DEVELOPING THE BUDGET

The Budget and Finance Committee studies the previous year's annual report to determine how well that budget met the association's needs, and considers requests for new programs or fundraisers. From this information, the committee proceeds to develop the budget.

The budget includes anticipated income, such as dues, donations, fundraisers and other merchandise sales. Expenses should be categorized in detail so members have a clear understanding of how association dollars are being spent.

APPROVING THE BUDGET

After the budget has been drafted, it is presented to the PTA Board of Directors for review and approval, and then to the PTA membership for approval. The budget is presented, item by item, to allow for discussion and amendment of each section. The approved budget must be recorded in the minutes of the association. A majority vote of the members present and voting is required for approval.

AMENDING THE BUDGET

The approved budget serves as the financial guide for the fiscal year. Since the budget is only an estimate of the planned expenditures and income for the year, amendments may become necessary from time to time.

Any time budgeted expenditures do not have sufficient funds in the line item to cover actual costs, the budget must be amended and approved at an association meeting before a check is issued for those expenses. Adding an income or expense line to an approved budget requires General Membership approval. Your budget should include this statement at the bottom of your approved budget "The Board of Directors has the authority to move funds within categories".

Sample Budget**Terrific PTA****Proposed 2017-2018 Budget**

Beginning Bank Balance		\$ 2,145.00
Income		
Membership		\$ 1,375.00
Donations		\$ 250.00
Fundraisers:		
Fall Fundraiser		\$ 4,000.00
School Supply Kits		\$ 200.00
Spirit Wear		\$ 500.00
	Income Sub Total	\$ 6,325.00
Total Available Funds		\$ 8,470.00
Expenses		
ORGANIZATIONAL & OPERATIONAL		
Bank Fees		\$ 75.00
Council Dues		\$ 175.00
Insurance		\$ 215.00
Leadership Training		\$ 200.00
Supplies		\$ 500.00
Website		\$ 200.00
PTA PROGRAMS		
Hospitality		\$ 500.00
Fall Festival		\$ 2,000.00
Reflections		\$ 300.00
Staff Appreciation		\$ 1,000.00
Scholarships		\$ 500.00
Student Programs		\$ 1,500.00
Total Expenses	Expenses Sub Total	\$ 6,665.00
	Balance to Carry Forward to 2018-2019	\$ 1,805.00
Total Expenses		\$ 8,470.00

Insurance

Maryland PTA requires each local PTA to have general liability and bonding insurance as well as directors and officers insurance and has inserted language to that effect in to the PTA bylaws. Please be sure to budget an amount (approximately \$226) for the insurance payment

AIM Insurance Services is Maryland PTAs insurance carrier for the 2020-2021 year. Invoices and statements are mailed to the local units in the spring. The insurance enrollment period is aligned with the PTA fiscal year. Payment is due by July 1st to cover the next fiscal year. The enrollment form can also be found at www.mdpta.org. An insurance summary and certificate of insurance will then be issued to each insured PTA.

AIM Insurance Services publishes an insurance summary and loss prevention guide. It refers to Red Light, Yellow Light and Green Light activities. Red Light activities are prohibited. Yellow Light refers to activities where certain conditions must be met and the local PTA must consult with the insurance broker in advance of engaging in any of those activities. Green Light activities are approved. The "Insurance and Loss Prevention Guide" listing these activities is available on the Maryland PTA website.

AIM Insurance Services annual premium is currently (2020-2021) \$226 for each local PTA.

Contact the Maryland PTA Office Administrator at office@mdpta.org or 410-760-6221 with questions regarding premium payments.

AIM Association Insurance
Management, Inc.
PO Box 674051
Dallas TX, 75267-4051

County, State, and National PTA Dues Requirements

Each local PTA unit is chartered by the Maryland PTA and the National PTA. Pursuant to local PTA bylaws, a PTA must pay National and State dues to stay in good standing. PTAs in Frederick County also agree to participate in the PTA Council of Frederick County and pay dues to Council.

- In accordance with National PTA requirements, PTA membership is available to individuals only (i.e., no "family" memberships). "Family" memberships, if offered, must explicitly state how many individual memberships are included and dues must be remitted to the PTA Council of Frederick County, Maryland PTA, and National PTA for each individual member.
- Your PTA should set dues annually during the fiscal year they will be collected, be affordable by those in your school community, and be in accordance with the goals of your board of directors.

Dues Payments

Each local PTA must make dues payments to the PTA Council of Frederick County and Maryland PTA in order to remain in good standing each year; otherwise, the PTA will not receive National PTA material or be able to participate in programs such as Reflections. Payment of dues is required to receive credential cards for the Maryland PTA annual convention. In addition, if a PTA is no longer in good standing, Maryland PTA is required to notify the IRS that the PTA is no longer covered by the tax-exempt status conferred by being a PTA in Maryland. Collect memberships ONLY for the current school year.

2020-2021 Dues (per member - parent, teacher, or student)

- PTA Council: \$0.75
- Maryland PTA: \$2.00
- National PTA: \$2.25

County:

- Make checks payable to "PTA Council of Frederick County" and send with the dues voucher to the address listed on the form. A copy of the "PTA Council of Frederick County Dues" voucher is located in the back of this Guidebook and on the PTA Council of Frederick County website.
- The voucher form and your PTA's checks should be sent to the PTA Council of Frederick County on a monthly basis. PTAs should make a dues payment to PTA Council of Frederick County at the same time the PTA is making payment to Maryland PTA.

State/National:

- State and National PTA annual dues are paid together to Maryland PTA.
- Make checks payable to Maryland PTA and send to 5 Central Avenue, Glen Burnie, MD, 21061
- Maryland PTA sends membership cards based on the previous year and will invoice each local PTA monthly.
- Remember to pay Maryland PTA only for the amount of memberships sold during that month.
- Return any unused membership cards to Maryland PTA by March 31st.
- There are no refunds for overpayment; do not pay the entire invoice unless and until all membership cards have been sold.
- If additional cards are needed, send a check to Maryland PTA with the invoice requesting additional membership cards.

Financial Management Practices

Maryland PTA bylaws require that each check be signed by two people. This protects you and the PTA. Usually the signatories are the treasurer and president with another officer listed as a signatory in case the president is not available.

Never sign a blank check. Never write a check to “Cash”.

A treasurer must be able to account for every penny received or spent. Funds should be deposited, and bills paid promptly. Each transaction should be recorded at the time it is made, and supporting documents should be filed in an orderly system. The system used depends upon the treasurer and the auditors. Computerized accounting systems are encouraged, but not mandatory.

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Contents of the Treasurer's File

According to Maryland PTA, the PTA treasurer's file should include the following items:

- A copy of the PTA bylaws with relevant sections highlighted,
- A copy of the budget adopted by the membership
- A receipt book to acknowledge money received for the PTA,
- Checkbook to disburse funds as authorized,
- Treasurer's account books, ledgers, and/or computer software to keep the financial records of the PTA,
- Federal Employer Identification Number (EIN) and the Maryland IRS Group Exemption number "1999", copies of filed Form 990 or 990EZ, and other required IRS forms,
- A Copy of the Articles of Incorporation and reports filed with the state.
- A copy of Maryland PTA's "Cash Encounters" and "Forms and Documents" guides
- Required historical PTA financial records as defined in the Record Retention Timetable,
- Copies of minutes and plans of work for this fiscal year,
- Copies of Personal Property Returns, which have been filed.
- Copies of the Maryland Charitable Organization filings.

It is recommended that Treasurers use a binder system with tabs set up for your Legal/Taxes, Budget, Treasurer Reports, Bank Statements & Reconciliations, Deposits, Disbursements, Meeting Minutes, etc.

Financial Reporting

The local PTA's bylaws stipulate the frequency of treasurer's reports. A monthly report to the board of directors should be provided, as well as reports at every meeting of the executive committee and general membership. Categorical reports may be presented to the general membership; more detailed reports are strongly suggested for the board of directors. Treasurer's reports should include three columns: year's budget, the current month's action, and year-to-date totals.

NOTE: Bank accounts should be reconciled monthly and reconciliation reports reviewed by the President with monthly Treasurer's reporting.

Computerized Record-Keeping

For both accuracy and convenience, treasurers are encouraged to use accounting programs such as QuickBooks or QuickBooks Online whenever possible. Several approaches have been used with success: spreadsheets, general purpose money management programs, and special purpose programs written specifically for small organizations like PTAs. Whichever approach is used, the purpose is the same: to automate the tracking of cash flow and the generation of various reports. Some of the money management programs can also write checks, depending on the equipment that the user has available. In addition, software is available to help in the preparation of deposit slips, which can involve large numbers of checks after fund-raisers or membership drives. The cost of automation varies, since some programs are distributed commercially. However, the expenditure of a reasonable amount of money by a PTA for a computer program for its treasurer is a legitimate operating expense. For more information on what is available, contact the Council treasurer.

Safeguarding Cash/Deposits

- For the protection of both the PTA and its volunteers, PTA funds should always be counted and verified by the signature of two individuals prior to deposit, utilizing a Deposit Form (sample available at the end of this Guidebook). All signers should retain a copy of the completed form.
- Deposits should be processed same-day, following receipt.
- All checks should be endorsed immediately.
- Never place PTA money in a school safe.

Banking/Disbursements

- PTA money must be kept in a PTA bank account at a financial institution in an account in the PTA's name. The money of another group or organization is never deposited into a PTA account. Any request to use a PTA bank account, even if it costs the PTA no money, is unacceptable and possibly illegal.
- Checks Must Be Signed by Two Authorized Persons (Authorized Signers Should Not Be Related or Live in The Same Household)
- The Treasurer is an authorized signer on all bank accounts.
- All Authorized Bills Should Be Paid by Check
- All Disbursements Should Be Promptly Recorded in PTA Ledger and Check Register
- Develop Reimbursement Form (sample available at the end of this Guidebook)

E-Commerce: Electronic Banking and Merchant Services

A PTA's membership must vote to authorize e-commerce transactions. PTA's should note that all adopted policies must be reviewed and adopted annually.

- Online Bank Statement Review
 - Banking statements may be reviewed online; however, a statement must continue to be mailed to the school of the PTA and signed by the President, Treasurer and a non-signer of the account.
- Online Payment Collection Systems
 - The PTA membership must approve the use of an online payment collection system.
 - The online payment collection system (PayPal, Square, etc.) must be in the PTA's name.
 - All revenue must be accounted for and reported in every financial report in the budgeted income category.
 - Third-party processing company (PayPal/Square) statements must be clear and detailed and accessible on a real-time basis. The PTA must have immediate access to know who has paid, the purpose of the payments, and the expected cash transfer amount.
 - Proper documentation is required for each deposit (see sample at the end of this Guidebook)
 - Document on the deposit form the amount of the deposit and which budget lines are impacted.
 - Attach a copy of the online transaction to the deposit form.
 - For daily deposits, a weekly summary of the deposits may be documented on a single deposit form.
 - As with all PTA accounts, the Treasurer is the custodian of the funds, and needs to ensure checks and balances are being used to safeguard online collection accounts.

Financial Review/Audit

Local PTA bylaws require an audit or financial review of the financial records annually at the end of the fiscal year, and if there is a mid-year change of treasurers. The audit committee should be named in the spring and convened as soon as possible after the close of the fiscal year; no transactions should take place in the intervening time. A statement should be obtained from the bank as of the same date. All records should be made available to the committee including bank statements, vouchers, check stubs, ledgers, financial reports, reports to the Government, outstanding debts, and other material requested by the committee. Following the audit, the committee should prepare a written report indicating whether the records are complete and accurate, with advice for change if necessary. **A copy must be sent to Maryland PTA by October 31 each year.**

Unless specified by the PTA's bylaws, there is no requirement that the audit be performed by a CPA. In fact, the "audit" is not a strict audit in the sense defined by CPAs, but rather a financial review. That said, the Charitable Solicitation Division of the State of Maryland does require an "audit by an independent CPA if contributions are \$500,000 or more" and a "review by an independent CPA if contributions are at least \$200,000 but less than \$500,000". For the purpose of determining the registration fee and the requirement for an audit or review by a CPA, charitable contributions are computed by the instructions on the IRS form 990 or IRS form 990EZ.

Incorporation

Maryland PTA now requires ALL local PTAs to be incorporated whether or not the local PTA bylaws have been amended to require incorporation. Local PTAs that are not yet incorporated should contact the Maryland PTA office at 410-760-6221 or email office@mdpta.org to ask for an Incorporation Packet or Revival Packet. Maryland PTA has a very specific form for local PTAs and can assist in completing the necessary forms.

The advantage of incorporation is its ability to shield from liability; however, incorporation requires that an annual Personal Property Return be filed with the Maryland Department of Assessments and Taxation. PTAs should receive a Personal Property Report form, due by April 15. If this form is not received, check the incorporation status at www.dat.state.md.us. Keep in mind that a \$25 late fee will be incurred each month for late filing.

Employer Identification Numbers

The Internal Revenue Service requires that all PTAs have an Employer Identification Number (EIN) and that the Maryland PTA is notified of that number. The reason for this requirement is that Maryland local PTAs are part of a group to which a blanket income tax exemption has been given. The EIN (a 9-digit number beginning with 52 or 23) is an organization's equivalent to an individual's social security number. If you are uncertain about your EIN, the Maryland PTA office has a listing of those numbers.

Maryland PTA Requirements – Standards of Continuing Affiliation

Is your Local Unit in Good Standing? (Refer to Article IV of your local bylaws)

- Current Bylaws - Bylaws have been reviewed and/or amended and submitted to MDPTA for approval within the last three years.
- Payment of Membership Dues to Maryland PTA (\$4.25 per member-total) are remitted to the Maryland PTA office on a monthly basis (Maryland PTA forwards a portion to National)
- PTA maintains membership of at least 25 members.
- Holds an EIN (Employer Identification Number) from the IRS on file with Maryland PTA.
- Currently incorporated in the State of Maryland - Contact Maryland PTA for incorporation status. • Incorporation requires that a Personal Property Tax report is submitted yearly to the State of Maryland.
- Submit name and address of PTA President, Treasurer and Secretary to the Maryland PTA office.
- Treasurer and one other Board of Directors member attend PTA financial training.
- File the appropriate federal tax form with the IRS, 4.5 months after end of fiscal year and submit copy to Maryland PTA (990, 990EZ, etc.) within 30 days of filing.
- Remit payment for insurance by designated date.
- Submit the Maryland Charitable Organization renewal (or application) by December 31 annually, and send a copy of that renewal or notice of exemption to Maryland PTA.
- Complete a Financial Review/audit at the close of each fiscal year or upon a change of Treasurer and submit copy to Maryland PTA within 120 days of the end of the fiscal year.
- Maryland PTA requires that local PTAs submit copies of financial reviews and 990s annually

Being a unit in good standing allows your local unit to be eligible for membership awards, credential cards for National PTA Convention and Maryland State Convention and/or participate in the business of the organization.

Federal Tax Requirements

On May 28, 1969, the Internal Revenue Service granted a blanket exemption to all Maryland state, county, and local PTA units under Section 501(c)(3) of the Internal Revenue Code. As a result, donations to your PTA are tax-deductible.

The Maryland PTA is required to inform the IRS of changes in status of local PTAs, including new units formed, units discontinued, and units no longer in good standing. Discontinued units and units not in good standing lose their tax-exempt status as a nonprofit organization.

A PTA's gross receipts includes dues, contributions, interest on accounts, amounts taken in by fundraising activities, and fees collected for after-school programs such as Foreign Languages in the Elementary Schools (FLES). As of the 2010 tax year, for returns filed in 2011 or later, PTAs with an annual gross income of more than \$50,000 (formerly \$25,000) must file Form 990 and Schedule A. If a PTA's gross receipts are less than \$200,000 and total assets are less than \$500,000, the PTA may file Form 990-EZ instead of Form 990. If gross receipts are \$50,000 or less, the PTA must electronically submit Form 990-N, also known as the e-Postcard. Refer to the instructions for IRS Form 990EZ for complete details on filing requirements. In addition, the "Money Matters" section of the Annual Resources for PTAs from National PTA provides examples and additional information. The filing deadline for the Form 990EZ is 4.5 months after the end of your fiscal year. For PTAs whose fiscal year ends June 30, the return is due by November 15. Late filing or a failure to file may result in a penalty.

For step by step instructions on completing your federal return, see National PTA's Money Matters sent in the summer to each local PTA who registers for the Back to School kit or found online at www.pta.org

Charitable Donations to PTAs

A federal law that became effective on January 1, 1994 affects PTAs, which receive charitable donations.

Since PTAs in Maryland, by virtue of their IRS 501(c)(3) status, are charitable organizations, gifts to PTAs are tax-deductible for the donors. The law requires that the charity (the PTA) send a written receipt to a donor for any charitable contribution of \$250 or more. Thus, the taxpayer may no longer rely solely on a cancelled check to substantiate such a cash contribution, and the taxpayer's deduction may be disallowed in an audit without such documentation. In general, the \$250 threshold applies to each donation, not to the sum of several donations made by the same donor at different times. The receipt must be sent by the charity to the donor, not to the IRS. There is no requirement for the charity (the PTA) to report the gift to the IRS. There is also no prescribed format for the written acknowledgment of the gift, except that the acknowledgment should be sufficient to substantiate the amount of the contribution.

The law also dictates the disclosure requirements by charities to donors for quid pro quo contributions. An example of a quid pro quo contribution is where the donor gives a charity \$100 for a concert ticket valued at \$40. The law now requires the charity to furnish a disclosure statement to the donor for any quid pro quo contribution in excess of \$75. In the above example, the contribution is \$100 (thus requiring a disclosure statement), even though the donor's tax deduction is only \$60. The \$75 threshold applies to each transaction, not to the sum of several such transactions occurring at different times. For quid pro quo contributions, the charity should provide the donor with a good-faith estimate of the value of the goods or services that the donor received. (A sample form is located in the back of this Guidebook.)

Charities, such as PTAs, which fail to comply with the provisions of this law are subject to financial penalties by the IRS. For more information on this law, see IRS Publication 1771 (Charitable Contributions - Substantiation and Disclosure Requirements) or Sections 6701 and 6115 of the IRS Code.

Charitable Contribution Guideline: If a donation is \$75.00 or more, issue a contribution receipt – regardless of the value of the goods exchanged for the donation. The time expended writing receipts will certainly be less than any penalty the IRS may impose! Sometimes a W-9 form is requested for a donation. This can be pulled from the IRS website, and should include PTA EIN# and name of the individual/organization and address.

Registration with the Secretary of State – Charitable Organizations Division

Under the Maryland Charitable Solicitations Act (Title 6 of the Business Regulation Article of the Annotated Code of Maryland), parent-teacher organizations, which solicit and receive more than \$25,000 in charitable contributions, are required to register (and annually renew the registration) with the Charitable Organizations Division of the Office of the Secretary of State. There are no filing requirements for PTAs, which receive less than \$25,000 in charitable contributions; however, the PTA should submit a statement to Maryland PTA stating that it did not receive \$25,000 in contributions and is exempt.

Note: For purposes of determining the annual registration fee and the audit or review requirements, charitable contributions are computed on each form as follows:

- IRS Form 990: add lines 1(b), 1(c), 1(d), 1(f), 8(a), 9(a) on Part VIII (page 9). If the organization is a PTA, also add line 10(a).
- IRS Form 990-EZ: add lines 1, 6(a), 6(b) on page 1. If the organization is a PTA, also add line 7(a) c.
- COF-85: add lines 1, 6(a), 7(a) on page 1. If the organization is a PTA, also add 8(a)

More information is available by visiting the Secretary of State's website:

<http://sos.maryland.gov/Charity/Pages/Registering-Charity.aspx>

Maryland Sales Tax

The State of Maryland does not exempt PTAs from sales tax; as of July 1, 2013, with the passage of House Bill 232, PTAs will no longer need to charge sales tax when fundraising items are sold or re-sold by PTAs (like gift wrap, pizza kits, or spirit wear), in which funds from sales are deposited into the PTA account and paid out to a vendor (if applicable). Some vendors will ask you for a " Blanket Certificate of Resale" (in order to relieve them of responsibility to charge you sales tax). There is a sample of this document at the end of the Guidebook. PTAs must pay sales tax when purchasing anything for its own use. PTAs do not have a tax exemption number and in general are not eligible to use a school number. PTAs are not eligible to obtain a non-profit exemption number. There is, however, one exception to the prohibition on the PTA's use of the school's tax exemption number. An exemption has been created for the sale of tangible personal property to a PTA if the PTA contributes the property to a public school. For this limited situation, a PTA may use the exemption number of its school to claim the exemption. In other words, if a PTA purchases something for a school, the purchase should be made through the school's account using its tax-exempt number. The school should have documentation of the purchase to the PTA for its records.

PTA's should file using their telefile service at 410-260-7225. This line is available 24 hours a day, seven days a week. You would be reporting \$0 tax.

For more information contact the Sales and Use Tax Division at: 410-767-1300 or 1-800-492-1751; email: taxhelp@comp.state.md.us.

Personal Property Tax

Corporate status in Maryland requires that a Personal Property Return be filed each year. Because of a PTA's non-profit status there is no filing fee. Forms can be found at <http://dat.maryland.gov/businesses/Pages/Business-Personal-Property.aspx>

PLEASE NOTE: In an effort to protect the environment and save Maryland taxpayer dollars, the Department of State will no longer mail personal property forms. Starting in 2018, the Department will also no longer mail postcards reminding businesses to file their Annual Report and Personal Property Return. Instead, businesses may sign-up for reminder e-mails. **To join their personal property list serve, please** go to <https://public.govdelivery.com/accounts/MDSDAT/subscriber/new>

The return is due on April 15. There are late filing penalties ranging from \$30 to \$500 plus interest. Since PTAs are Domestic Non-Stock Corporations, the ID# Prefix is "D". The Federal Principal Business Code is "83000". For most PTAs the form is easy to prepare since no property is owned, and no tax is due.

The recommendation is to file your Personal Property Taxes online using Business Express - <https://egov.maryland.gov/businessexpress>

NOTE: You'll be filing for the **calendar year** (January 1 – December 31). For example - for the 2018 Personal Property Tax submission, you'll need the 2017 calendar year gross receipts number.

Please remember to print and keep a copy for your records!
SEND A COPY TO MDPTA WITHIN 30 DAYS OF THE APRIL 15TH FILING DEADLINE.

NOTE: An automatic extension may be filed by April 15, which extends the filing deadline to June 15.

You can file this extension online at <http://www.dat.state.md.us/sdatweb/personal.html>

Council Dues Form

This form is available at www.frederickpta.org. PTAs may also copy this page and use the form below. Keep a copy for your records. **It is strongly recommended that PTAs submit payment to PTA Council of Frederick County when payment is submitted to Maryland PTA. This practice will ensure consistency in membership records between Council and Maryland PTA.**

PTA Council of Frederick County
P.O. Box 3927
Frederick, MD 21705-3927



MEMBERSHIP DUES INVOICE

PLEASE SUBMIT MONTHLY

DATE: _____

SCHOOL: _____

TREASURER'S NAME: _____

TREASURER'S *EMAIL: _____

*A receipt from the Council Treasurer will be emailed to you for your records.

COUNCIL DUES:

MEMBERS: # _____ X \$.75 EACH = \$ _____

PLEASE MAKE CHECKS PAYABLE TO: PTA COUNCIL OF FREDERICK COUNTY, INC.

MAIL PAYMENTS TO:
TREASURER
PTA COUNCIL OF FREDERICK COUNTY, INC.
P.O. BOX 3927
FREDERICK, MD 21705-3927

PLEASE ATTACH A COPY OF THIS FORM WITH YOUR PAYMENT.

REMINDER: PTA COUNCIL DUES ARE SEPARATE FROM THE STATE AND NATIONAL DUES. COUNCIL DUES ARE REMITTED TO THE PTA COUNCIL OF FREDERICK COUNTY. YOU WILL RECEIVE A SEPARATE INVOICE FROM MARYLAND PTA FOR STATE AND NATIONAL DUES.

Sample - Financial Documents

_____ PTA
 Financial Report for 20__-20__
 For Period 9/30/20__ to 10/31/___

General Account: Balance, September __, 20__ 958.19
 Receipts: 3,126.46
 Disbursements: 1,256.82
 Balance, October __, 20__ 2,827.83

INCOME	BUDGET	YEAR-TO-DATE	CURRENT MONTH
Dues	2,900.00	2,421.35	2,246.35
Fund-raisers	13,000.00	0.00	0.00
Interest	200.00	59.79	18.43
Other Income	0.00	2.00	0.00
Student Activities	1,400.00	861.68	861.68
TOTAL INCOME	\$17,500.00	\$ 3,344.82	\$ 3,126.46
EXPENSES	BUDGET	YEAR-TO-DATE	CURRENT
Activity Night	500.00	0.00	0.00
Awards	100.00	0.00	0.00
Cultural Arts	1,200.00	0.00	0.00
Dues	1,100.00	1,012.50	1,012.50
Fund-raisers	8,000.00	5.00	0.00
Gifted and Talented	200.00	90.00	0.00
Hospitality	900.00	143.59	0.00
Insurance	200.00	185.00	0.00
Newsletters	400.00	54.82	1.00
Office Expense	600.00	300.00	0.00
Social Action Committee	200.00	0.00	0.00
School Gift	2000.00	0.00	0.00
Student Activity	1,600.00	227.32	227.32
Supplies	200.00	16.00	16.00
Teacher Training	500.00	0.00	0.00
Telephone	100.00	91.27	0.00
TOTAL EXPENSES	\$18,800.00	\$2,125.50	\$1,256.82

Sample – Financial Review/Audit Form

FINANCIAL REVIEW AUDIT REPORT

for _____ PTA/PTSA
 For the Time Period of _____ to _____

Date of Audit Review: _____

BALANCE , Date of last audit,	\$
ADD RECEIPTS	+ \$
TOTAL CASH	\$
SUBTRACT DISBURSEMENTS	- \$
BALANCE	\$
RECONCILIATION OF BALANCE ON HAND	
BANK STATEMENT BALANCE (at end of audit period) Date: _____	\$
ADD DEPOSITS not yet credited by Bank	+ \$
SUBTRACT OUTSTANDING CHECKS* : Check Number _____ Amount _____ List Checks: Total Outstanding Checks	- \$
FINAL CHECKING ACCOUNT BALANCE	\$

ATTACH COPY OF ANNUAL REPORT (actual expenditures compared to the approved budget showing all line items and approved adjustments)

Certification of Audit Committee: We have examined the annual report and financial records of the treasurer of _____ PTA for the period of _____ to _____ and find them to be:

- correct
- incomplete
- substantially correct with the following adjustments (list adjustments)
- incorrect (list reasons)

Auditor's Signature

Date

Provide comments that should be brought to the attention of the PTA:

Please send or fax a copy to MD PTA at
 fax #: 410-760-6344
 mail to MD PTA, 5 Central Ave. Glen Burnie, MD 21061
 or email to office@mdpta.org
 Also, please send a copy to Council at treasurer@frederickpta.org

Sample - Income/Deposit Form

PTA Deposit Form

Date: _____

To: **Treasurer**

Committee/Budget Category: _____

Description of Funds: _____

Itemized Count of Money to be Deposited:

Cash: \$ _____

Bills	#	Amount
100		
50		
20		
10		
5		
2		
1		

Coins: \$ _____

Coins	#	Amount
Dollars		
Quarters		
Dimes		
Nickels		
Pennies		

Checks: \$ _____

Number of Checks: _____

Check #	Amount	Check #	Amount	Check #	Amount	Check #	Amount

Total Deposit Amount: \$ _____

Counter #1 Signature & Date: _____

Counter #2 Signature & Date: _____

Treasurer Signature & Date: _____

Sample – Deposit from Online Collection Accounts (ex PayPal, Square)



PayPal Deposit Verification Form

Date: _____

Deposit Amount: _____

Budget Category for Deposit: _____

The **PTA Treasurer** has deposited funds from the PayPal account to the PTA bank account.

Treasurer Signature: _____

Deposit verified by (at least 1 person other than the Treasurer needs to sign off on the deposit):

Attached: PayPal verification email
PayPal transaction list

Sample – Disbursement/Check Request Form

PTA Reimbursement/Check Request

Date: _____

To: **Treasurer**

Pay to the order of: _____ Amount \$ _____

Requested by (if different than payee): _____

Approved by: _____

Account	Description	Amount

Please staple original receipts to this form prior to forwarding to the Treasurer. Thank you! 😊

To be completed by the Treasurer:

Check Number: _____

Date on Check: _____

Date Check Delivered:

In Person _____ By Mail _____

Treasurer: _____

(Signature)

Sample - Contributions over \$75.00 When Donor Receives Goods or Services

This acknowledges receipts of the following described property from you as a charitable contribution made on _____, 20__ to the _____ PT(S)A:

\$ _____ Cash Contribution

We have provided you with goods or services in exchange for this contribution. Our estimate of the fair market value of these goods or services is \$_____. This means the net amount of your contribution, which may be a charitable contribution for federal income tax purposes is \$_____.

We are required by law to provide this information to you. The charitable deduction is limited to the excess, if any, of your contribution over the face value of the goods or services provided to you.

Please retain this document for your records. It is an important document necessary for any available federal income tax deduction for this contribution.

_____, President		Date:
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**Sample - Contributions over \$250.00 and over Donor Receives No Goods or Services**

This acknowledges receipts of the following described property from you as a charitable contribution made on \_\_\_\_\_, 20\_\_ to the \_\_\_\_\_ PT(S)A:

\$ \_\_\_\_\_ Cash Contribution

We have not provided you with any goods or services in exchange for this contribution.

Please retain this document for your records. It is an important document necessary for any available federal income tax deduction for this contribution.

|                  |  |      |
|------------------|--|------|
| _____, President |  | Date |
|------------------|--|------|

**Sample – Grant Form with Hold Harmless Agreement**

**Grant Form**

\_\_\_\_\_ PTA hereby gives the \_\_\_\_\_ School a monetary grant in the amount of \$\_\_\_\_\_.

The grant is for the use of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ for students.

It is agreed, that the grants funds will be spent for the stated purpose on or before (date): \_\_\_\_\_ or the funds will be refunded to the \_\_\_\_\_ PTA by (date) \_\_\_\_\_.

Any unused or unexpended funds will be refunded to the \_\_\_\_\_ PTA by (date) \_\_\_\_\_ and \_\_\_\_\_ School will provide a complete accounting of the expenditure of the grant funds to the PTA.

The school and/or their designee hereby agrees to:

1. Accept ownership of any items purchased with these grant funds.
2. Accept responsibility for the installation, operation and maintenance of the above-described equipment.
3. Hold the PTA harmless from any claim or lawsuit arising from damages caused by or from the use of said equipment.

Date: \_\_\_\_\_  
\_\_\_\_\_ Principal

Date: \_\_\_\_\_  
\_\_\_\_\_ PTA President

## Sample - Blanket Resale Certificate

[Date]

This is to certify that all material, merchandise, or goods purchased by the undersigned from

[Merchant Name and Address]

after [Date] are purchased for the purpose of resale as tangible personal property.

This certificate shall be considered a part of each order, which we shall give, provided such order bears our Maryland Sales Tax Registration Number. This certificate is to continue in force until revoked.

Purchaser: [PTA Name and Address]

Maryland Sales Tax Registration Number: [xx-xxxxxx]

\_\_\_\_\_  
[Name], Treasurer

*Please note that additional information for PTA Treasurers is provided by National PTA ("Back to School Kit/Finance") and Maryland PTA ("Cash Encounters"). Updated versions are provided online at National ([www.pta.org](http://www.pta.org)) and Maryland ([www.mdpta.org](http://www.mdpta.org)) PTA websites.*

## Record Retention Guidelines

# Records Retention Schedule

### PERMANENT STORAGE

- Annual audit reports
- Articles of Incorporation
- Canceled checks, for important transactions (e.g., taxes, contracts)  
Checks should be filed with papers pertaining to the transaction
- Corporation reports filed with the Secretary of State
- Legal correspondence
- Equipment owned by PTA
- Insurance records:
  - Accident reports
  - Claims
  - Policies
  - Certificates
- Ledgers
- Minute books
- PTA Charter
- Tax documents:
  - Exempt status
  - Group exemption
  - Letter assigning IRS Employer
- Identification Number (EIN)
  - State and federal tax forms, as filed
- Correspondence with state or federal agencies
- Trademark registrations

### 10 YEARS

- Financial statements (year-end)
- Budgets
- Grant award letters of agreement

### 7 YEARS

- Accounts Payable Records
- Cash receipt records
- Checks (other than those listed for permanent retention)
- Expired contracts and leases
- Invoices
- Purchase orders
- Sales records
- Inventories of products and materials (updated yearly)
- Vouchers for payments to vendors, officers etc. (includes allowances and reimbursements to officers, members, etc., for travel and other expenses)

### 3 YEARS

- General correspondence
- Employee records (N/A)
- Employment applications (N/A)

### 1 YEAR

- Bank reconciliations
- Correspondence with customers/ vendors
- Duplicate deposit slips



## Website Links for Treasurers

### To Register as a Charitable Organization for the Maryland Charitable Solicitations Act

<http://sos.maryland.gov/Charity/Pages/Registering-Charity.aspx>

- Charity Registration - COR-92: <http://sos.maryland.gov/Documents/COR-92.pdf> or Annual Update Certification Form: <http://sos.maryland.gov/Documents/AnnualUpdateForm.pdf>
- Form COF- 85: <http://sos.maryland.gov/Documents/COF-85.pdf>
- Exempt Organization Fund Raising Notice: <http://sos.maryland.gov/Documents/ExemptOrganizationFund.pdf>

### State Department of Assessments and Taxation ---Incorporation and Personal Property

<http://dat.maryland.gov/>

Click on Business (Banner)

Click on Business Entity Search (left side)

Search by Business Name

Enter Business Name, click Search

Click on General Info. (view your Standing among other items), Personal Property (view your filings), Amendments (order copy)

### Personal Property Return Forms

<http://dat.maryland.gov/businesses/Pages/Business-Personal-Property.aspx>

Click on Forms & Applications (Banner)

Click on Business Personal Property

Then select Form 1 – Personal Property Return or use the “Online Filing of Personal Property Returns is Here” banner in the center section

### IRS

[www.irs.gov](http://www.irs.gov)

Click Forms & Pubs (Top ribbon)

Click Current Forms & Pubs or Prior Forms & Pubs

Find – type 990-EZ - Search

Locate Form 990-EZ

Select Form 990-EZ for the year in which your fiscal year begins. Select other schedules as needed from this page

To file the 990-N, <http://epostcard.form990.org>

### Free or Discounted Accounting Software

[www.techsoup.org](http://www.techsoup.org)

You must become a member and register your organization.