

TREASURER'S WORKSHOP



PTA Council of Frederick County

2020-2021

What you can plan to leave with from today's training:

- **Where to go for answers** – You will have questions and that is expected! There are TONS of helpful resources available to you.
- **Tips to get organized** for the coming year or to wrap up the current year as Treasurer.
- Strategies for **effective money management**.
- **Do's and Don'ts** to maintain your 501(c)(3) status.

PTA is a Business

- PTA is not a social club
- It must be run as a business
- It is accountable as a business
- You must comply with all local, city, county, state, and federal regulations
- When it comes to the PTA finances you must rule with your head and not your heart ❤️

**A Leader's first job is to protect
the assets and the reputation of
PTA.**

**Your role as Treasurer is vital to
the success of your PTA.**

Fiduciary Duties

“ Coming together
is the beginning.

Keeping together
is progress.

Working together...
is success.

~Henry Ford

- Ultimate authority for managing the affairs of the organization is vested in the Board of Directors.
- The law imposes on Directors an obligation to act in the best interest of the organization.

Always remember:

It's not your Money !

- Maintain Transparency – it's a must!
- Report Regularly – Budget reports/reconciliations monthly
- Establish processes and procedures.
- Be a good steward of the funds
- Communicate often.

Taking Office- Where to Begin

- Accept financial reviewed books only
- Review the Financial Review report and Consider Any Recommendations for the Coming Year
- File Signature Cards With The Bank
- Receive and Review Previous Files and Permanent Records
- Verify insurance payment
- Create a Treasurer's Resource Library
- Begin your file

Treasurer's (Permanent) Files

- All Previous 990's and IRS Correspondence
- Incorporation paperwork (copy)
- Previous Personal Property Returns
- Md. Charitable Solicitation Acts Registration
- IRS Determination Letter
- All Financial Review Reports
- Previous Budgets
- Previous Annual Financial Reports

Record Retention

- Permanently
 - Articles of Incorporation
 - Annual Financial Reviews
 - Any IRS Documents
 - Insurance Records
 - Minutes
- 10 Years
 - Budgets
 - Financial Statements
- 7 Years
 - Cash Receipts Records
 - Cancelled Checks
 - Disbursement Request
 - Bank Statements
- 1 Year
 - Deposit Slips
 - Bank Reconciliations



Duties of the Treasurer

The Definition of a Treasurer

Elected custodian in charge of funds, responsible for receiving and disbursing all monies as outlined in your PTA/PTSA bylaws.



Duties -- 1

- Review Bylaws and Standing Rules Related to Finance, Dues and Duties
- Attend All Meetings and Serve on the Executive Committee & Board of Directors
- Prepare Written Reports for General Membership, Executive Committee, and Board of Directors Meetings
- Maintain Treasurer's Permanent Records

Duties -- 2

- Chair The Budget Committee/Prepare Budget
- Properly Receive, Deposit, and Disburse Funds
- Pay All Authorized PTA Financial Obligations
- Retain All Receipts, Bank Statements and Cancelled Checks
- Forward State and National Dues to Maryland PTA. Remit Council Dues.

Duties -- 3

- Cooperate with Membership and Fundraising Chairs
- Maintain Records for Financial Review
- Prepare Annual Financial Report
- Attend Training Workshops at All Levels

Duties – 4

- Prepare and Submit Forms
 - 990EZ, 990N(e-postcard)
 - IRS Form 1099 and 1096 submittal form
 - Charitable Solicitation Reports
 - State Sales and Use Tax Forms (file \$0)
 - Personal Property Report
 - Insurance
- Deliver All Records to Successor once the Financial Review (audit) is complete.

Principles & Procedures of PTA Financial Management



Principles & Procedures

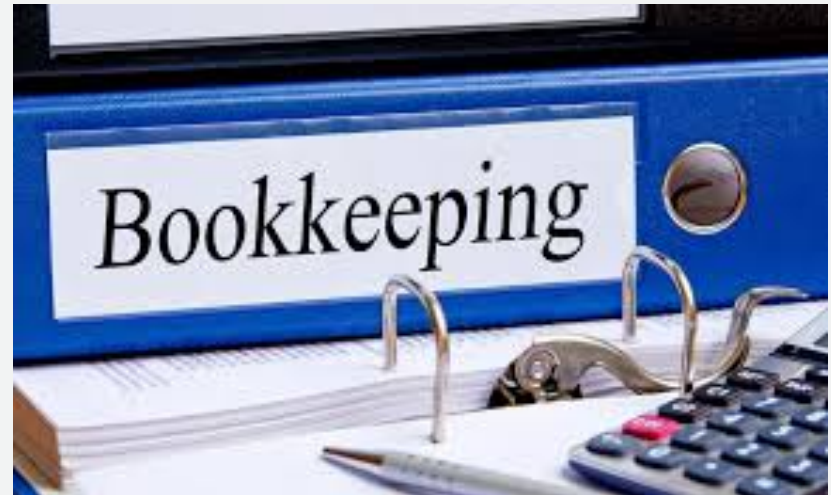
- The Treasurer is the Authorized Custodian of the Funds of the PTA
- Work with an Approved Budget Only
- Use Authorized PTA Bank Accounts
 - NO DEBIT CARDS, CREDIT CARDS, or COUNTER CHECKS
 - NO ON-LINE BANKING (Viewing Statement online and PayPal or Square for acceptance of payment only)
 - NO GOFUNDME ACCOUNTS
 - Use of Large Business Size Checks recommended. Use duplicate checks with 2 signature lines, if possible.

Principles & Procedures -- 2

- Keep Accurate Records
- Retain Proper Receipts- Original Receipts Only
- Administer all Funds
- Use Standard Financial Procedures
- Report at Regular Intervals
- Financial Review Conducted Annually
- FEIN:9 Digit Federal Employer Identification Number

Financial Management Bookkeeping

- Simple
- Consistent
- Accurate
- Reliable
- Easily Understood



Financial Management Bookkeeping -- 2

- Track Receipts and Disbursements by Accounts
 - Operational
 - Organizational
 - PTA Objectives (Program Services)

Financial Management Bookkeeping -- 3

- Reconciliation of Accounts
 - Bank Statements Should Be Reconciled Immediately Upon Receipt from Bank
 - Record Any Interest Earned or Bank Service Charges in the PTA Ledger and Check Register
 - Bank Statements Should Never Be Sent to Any Members Home
 - PTA President and Treasurer should Always Review the Bank Statement and Sign. There should also be a review and dated signature by a non signer.
 - Print a copy of the reconciliation and keep with your bank statement.

Financial Management Receipts & Deposits

DO'S

- Two People Should Always Count Money and Sign a Receipt
- Issue Receipts for Money (if applicable)
- All Checks Should be Endorsed Immediately
- All Money Should be Deposited Daily
- All Deposits Should Be Promptly Recorded In The PTA Ledger and Check Register
- Develop an Income Form (See Sample)

DON'TS

- Never Place PTA Funds In A School Safe
- Money Is Never Deposited In Personal or School Bank Accounts
- Money Is Never Kept At Any Member's Home

Financial Management Disbursements

DO'S

- **Checks Must Be Signed By Two Authorized Persons** (Authorized Signers Should Not Be Related Or Live In The Same Household)
- All Authorized Bills Should Be Paid By Check
- All Disbursements Should Be Promptly Recorded in PTA Ledger and Check Register
- Develop Reimbursement Form (See Sample)

DONTS

- **No Blank Checks** Are Ever Issued or Signed
- No Bills Or Reimbursements Are Paid In Cash
- **Do Not Write a Check Payable to "Cash"**
- Do Not Make Withdrawals Directly from Bank
- Do Not Pay Any Bill or Reimbursement Without a Receipt or Invoice

Financial Management Reporting

- Annual Financial Report
- Annual Financial Review
- Written Reports for Meetings of the:
 - Executive Committee
 - Board of Directors
 - General Membership

Financial Management Reporting -- 2

- Written Report Should Include:
 - Period Covered
 - Balance on Hand at Beginning
 - Itemized Detail of Amounts Received and Credited to the Accounts with Subtotals
 - Itemized Detail of Amounts Disbursed by Accounts with Subtotals
 - Balance on Hand at End of Period
 - Comparison to the Budget (Board of Directors only)

Budgets



Budget Development

- When
 - During Planning Period for New Officers
 - Usually Occurs During the Summer
- Who
 - Developed By a Budget Committee
 - Appointed or Elected
 - Usually Chaired by Treasurer
 - Includes Other PTA Leaders
 - Need Knowledge of What Has Occurred in the Past
 - Need Knowledge of Future Plans

Budget Process

- Identify Goals and Objectives of the PTA
 - Determine if appropriate for PTA
 - List programs, projects and activities
- List Operating and Organizational Items
- Analyze Past Activities
 - Refer to past records and committee plans of work
- Determine Expenses of Each Activity

Recommended Expenses

- Guest Speakers
- Hospitality
- Insurance
- PTA Training
- Legislative Activity
- Parent Workshops
- Volunteer Appreciation
- Postage & Stationary
- Promotional Items
- PTA Dues
- PTA Newsletter
- PTA Publications
- Printing and Copying

Recommended Expenses

- Scholarships
- Awards
- Committee Expenses
- Cultural Arts
- Family Involvement
- Field Trips
- Fundraising Cost
- Taxes
- Memorials
- Needy Student Assistance
- Teacher Appreciation
- PTA/School Related Celebrations
- Communications
- Bank Fees

Cautionary Expenses

- Basic School Supplies
- Capital Improvements
- Contributions to Other Organizations
- Funding of School Personnel
- Janitorial Supplies
- School Office Equipment
- Playground Equipment
- Presentation Equipment
- Teacher Development
- Technology
- Principals Discretionary Fund

Budget Process

- Determine Revenue Sources
- Assure Budget Balances (Zero Based Budgeting)
 - Should budget a start up amount for the next year (carryover)
- Obtain Approval by Board of Directors and General Membership
- Amend When Necessary

Other Considerations

- 3-1 Rule – Three Non-Fundraising Projects to Each Fundraiser
- One Well Planned Annual Fundraising Project May Be All You Need
- Unrelated Business Income

Funding Sources



Membership

- Primary Source of PTA Funds
- Determined According to Bylaws
- State, National, and/or Local Council Dues to be Remitted by Pre-Determined Dates
- Provides Revenue For Operating Expenses
- Family Memberships Are Not Recognized

Donations

- Contributions to PTAs are Tax Deductible
- Quid Pro Quo
 - Contributions over \$75.00 with goods or services returned to donor require acknowledgement of allowable charitable deduction
 - Contributions over \$250.00 with no goods or services received require acknowledgement

Donations -- 2

- Benefits valued at less than \$10.20 need not be stated in the acknowledgement
- A donor claiming a monetary charitable contribution deduction of any amount cannot take the income tax deduction unless he or she has a cancelled check, bank record or acknowledgement

Corporate Sponsorships

- Commercial Concerns Provides Items (cash, products, know-how) in Return for Acknowledgement
 - Limit to Expression of Thanks
 - List Identifying Information
 - Cannot Make Judgment of Sponsor Product
 - Cannot Request Patronage
 - Endorsements Are Not Appropriate

Grants & Awards

- Governmental
- Commercial
- National PTA
- Maryland PTA

Investments

- Policy – Security, Liquidity, Yield
- Types – Savings Accounts, Certificates of Deposit, Mutual Funds, Stocks and Bonds
- Objectives – Make Resources Work, Minimum Effort
- Establish Review and Evaluation

Advertising

- IRS – The Sale of Advertising In A Periodical Containing Editorial Material of An Exempt Organization Is Unrelated Business Income
- National PTA Acceptable – If In Accordance With Postal Regulations (<10% of total space devoted to ads)
- Does Not Jeopardize Objects and Nonprofit Status

Gaming

- Raffles, Bingo, Casino Nights, etc...
- Consider Carefully
- Gambling Is Not Charitable
- Income May Be Unrelated
- May Be Regulated or Prohibited By Local and State Authorities
- Revenue & Expense Records Must Be Maintained

Fundraising

Types of Fundraising

- Catalog Sales
- Festivals and carnivals
- Book fairs, street fairs, science fairs
- Athletic events and field days
- Dramatic productions and musical programs
- Fun nights, meals, parties and socials
- Rummage, garage and white elephant sales
- Sale of refreshments at school and PTA events
- Arts and craft sales

Legal Implications

- Product liability
- Personal injury
- Contract Issues

Financial Review/ Audit



The Local PTA Financial Review

An official examination and
verification of accounts and records,
especially of financial accounts

Types of Audits/Financial Reviews

- Review – Checking of Records
- **Compilation**– Review and Report on Records for the Year (most common for PTA's, better know as the Financial Review)
- Confirmation – Review and Report on Records Based on Checking with Vendor's, Payee's Accounts

Purpose of Financial Review

- **To Certify** the accuracy of the books and records
- **To Assure** the membership that assets are being managed in a businesslike way
- **To Verify** that the executive board has fulfilled its fiduciary responsibility
- **To Satisfy** bylaw requirements

When & Who

- **When**
 - Annually
 - Change of treasurer or other authorized signature holder
- **Who Can**
 - Licensed CPA or Auditor
 - A financial review committee comprised of no less than 3 PTA members
- **Who Can't**
 - Anyone with signature authority for the financial records being reviewed

What Should Be Provided

- Copy of last financial review
- Treasurer's book or ledger
- Checkbook register and cancelled checks
- Bank statements and deposit slips
- Disbursement/check request forms and receipts
- All Financial Reports, including year-end report.
- Budget & Amendments
- Copies of Minutes
- Current Bylaws
- Any other information requested by the reviewer.

Process for Financial Review

- Determine the Fiscal Year
- Establish the Period the Financial Review Will Cover
- Review Receipt/Income
- Review Disbursements/Expenditures
- Summary Actions
- Report

Process Detail Receipts/ Income

- The following should be reviewed concurrently to validate all receipt transactions:
 - Bank statements
 - General Ledger/Checkbook/ Ledger/ Deposit Slips
 - Any bank credits listed on the bank statements

Process Detail Disbursement/ Expenditures

- The following should be reviewed concurrently to validate all disbursement transactions
 - Bank statements/Cancelled Checks
 - General Ledger/Checkbook Ledger
 - Disbursement Request with Receipts
 - Each bank charge listed on the bank statement

Common Mistakes

- Neglecting to Record Returned Checks and Bank Charges
- Transactions Are Not Entered In All Documents
- Reversal of Numbers
- Mistakes in Math
- Written Reports Not Filed

Summary Action

- The starting balance for the fiscal year should be verified from previous review
- Verify outstanding checks have been cashed for the amount reported in the previous financial review report
- The ending balance should be verified
- Notations should be made of any checks that have not been cashed but are included in the financial review summary totals
- The approved budget and any subsequent budget amendments should be verified
- Treasurer's reports should be reviewed

Auditor/Financial Review Committee Report

- If all is in order, the auditor or financial review committee should sign a statement indicating that the records are correct
- A report must also be submitted in the event there are not adequate records available to conduct a proper accounting
- Comments should be provided at the end of the review report noting any items that should be brought to the PTA's attention

Auditor/Financial Review Committee Report – 2

- The financial review report must be officially adopted by the association and must be included in a completed annual report covering the association's entire year
- If the validity of the financial review report is questioned, an independent certified public accountant should be engaged

Protecting Non-Profit Status



What Is An Exempt Organization

- An exempt organization is:
 - A trust, association, or corporation not organized for profit (i.e. Nonprofit) that is described in the Internal Revenue Code as exempt from Federal Income Tax

Tax Exempt Status

- Must be
 - Organized and Operated for exempt purpose
- Benefits
 - Exempt from federal income tax
 - Tax-deductible contributions
 - Reduced postal rates

Jeopardizing Tax Exempt Status

- **Inurement/private benefit** – prohibited and restricted
- **Lobbying** – activities must be insubstantial
- **Political** – absolutely prohibited
- **Unrelated Business Income** – must not be primary purpose
- **Failure to file necessary forms**

Forms, Forms, Forms



Charitable Solicitation Act

- Tied with 990, 990EZ, 990N and \$25,000.00 gross income
- Required To Register With Office of Secretary of State if gross income is \$25,000
- If <\$25,000 - Strongly urged to file Exempt Organization Fund-Raising Notice
- Required To Report Annually
 - Annual Update of Registration
 - Certification Form
 - Exempt Organization Fund-Raising Notice – if applicable
- Graduated Annual Fee Determined By Receipts

Charitable Solicitation Act -- 2

- Registration Requirements
 - Notarized Registration Statement – COR 92
 - Current Copy of Articles of Incorporation or Bylaws
 - IRS Determination Letter
 - Signed copy of 990 or 990EZ or Maryland State Form COF-85
 - Names and Addresses of Board of Directors
 - All contracts with professional fundraisers

Incorporation

- Advantage – Shields From Liability
- Disadvantage – Personal Property Return Must be Filed Annually

Personal Property Return

- Required Of All Incorporated PTAs
- Filed by April 15th
- Late Penalties Apply (\$25.00 per month)
- Failure To File Results In Loss of Incorporation Charter
- Provides Annual Report of Corporate Officers, Directors and Related Information
- Provides Report of Business Personal Property with Depreciation
- Provides **Annual** Sales for the Calendar Year

Insurance

- All PTA's Must Carry General Liability, Bonding, and Officers and Directors Insurance Through The State Mandated Program
- PTAs should attempt to:
 - Eliminate exposure to risk
 - Reduce the exposure to risk
 - Transfer the exposure to risk



Knight Insurance Services
(MD License 2145628)
535 N. Brand Blvd., Suite 1000,
Glendale, CA 91203
Toll Free (800) 733-3036
Contacts are: Jennifer and Manuel
FAX (818) 662-9312
Email: PTAMD@Knightins.net



IRS Forms 990/990-EZ/990-N

- Return of Organization Exempt From State and Federal Income Tax
 - 990 – Gross Receipts Over \$200,000
 - 990-EZ – Gross Receipts \$50,000 to \$200,000
 - 990-N – Gross Receipts Normally Less Than \$50,000

IRS Forms -- 2

- Filed By The 15th Day Of The 5th Month After The End Of The Fiscal Year (Nov. 15th)
- Fines For Late Filing (\$20/day)
- Loss of Tax Exempt Status If Failure To File For 3 Consecutive Years
- Public Inspection Requirement (Fine \$20/day)
- Failure to respond to IRS request by deadline (Fine \$10/day)

IRS Forms -- 3

990-EZ Return of Organization Exempt from Income Tax

- Income Statement/Balance Sheet
- Statement of Program Service Accomplishments
- List of Officers and Directors for Year of Report
- Copy of Changed Bylaws
- Required Schedule A – Organization Exempt Under 501c3 and Schedule O – Supplemental Information
- Possible filing of Schedule C & G

IRS Forms

-- 4

- 990-N Return of Organization Exempt From Income Tax
 - E-postcard
 - EIN and Tax Year
 - Organization's legal name and mailing address
 - Name and address of Principal Officer – President
 - Confirmation that organization's annual gross receipts are normally \$50,000 or less

IRS Forms

-- 5

- 1099-MISC – Miscellaneous Income
 - Deadline – January 31st
 - Payment of \$600 in the Calendar Year
 - Generally for Services, Prizes, Awards and Other Income Payments
 - Not required If Paid To A Corporation
 - Requires Form 1096 – Transmittal form for 1099-MISC due February 28th

Sales and Use Tax

- Must Pay Maryland Sales Tax On Purchases
- Blanket Certificate of Resale
- Sales Tax Exemptions
- Non Profits are No Longer Required to Collect or Remit Maryland Sales Tax on fundraisers
- Call the telefile service at 410-260-7225 to report \$0 due

Unrelated Business Income

- Will Require PTA To Pay Income Tax If IRS Determines That:
 - Income is from a business
 - It is regularly carried on
 - And it is unrelated
 - Form 990T – Income over \$1,000

Unrelated Business Income

- Could Lose Non Profit Status
- Remember The 3 to 1 Rule
- Exceptions
 - Activities are conducted only once per year
 - At least 85% of the work of the activities is conducted by volunteers
 - Activity consists of selling donated items

PTA STANDARDS OF CONTINUING AFFILIATION (SoCA)

| REQUIREMENT | DUE DATE |
|---|--|
| Financial Review/Audit | Must be completed annually by October 30th |
| Federal Income Tax (990N/990EZ) For Forms: http://www.irs.gov | Must be completed annually by November 15th |
| Maryland Charitable Organization http://sos.maryland.gov/Pages/Forms.aspx | Must be completed annually by December 31st. |
| Membership Dues | All paid members will be counted by March 31st. |
| Personal Property Tax http://dat.maryland.gov/businesses/Pages/Business-Personal-Property.aspx | Must be completed annually by April 15th. |
| Officer Contact Information | Must be submitted by June 15th (or 2 weeks after your elections) |
| Insurance AIM Insurance Agency; Contact 1-800-876-4044 | Must be purchased by July 1st. |
| Bylaws | Must be submitted to MD PTA every 3 years. |

Tech tips for treasurers

- **Techsoup.org** – enroll to receive discounted items for your PTA, such as, QuickBooks, laptop, scanner, excel, etc.
- **File Sharing** – Google drive, Dropbox, OneDrive, Office 365
- **Online Banking Access** – Only for viewing statements online, and to download transactions to QuickBooks, Quicken.
- **E-commerce** – i.e. PayPal, Square, EdBacker, etc. (for use only for the acceptance of payments and transferring money to your bank account)



Jen Sunday

treasurer@frederickpta.org

301-788-2427

Thank you!

Your time and dedication in the service of PTA is greatly appreciated.