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Advanced Treasurers Training

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Advanced Reporting

- Treasurers report can be a be expanded
- Must include Beginning & Ending Balance
- Must Include Receipts and Disbursements
- Can Include Year to Date accumulative Total
- Can Include Comparative Budget Analysis
- Grafts and Pie Charts are Excellent Promotional Tools

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COMPUTER-GENERATED FINANCIAL RECORDS

Financial records may be kept on a computer if the treasurer:

- Follows PTA financial procedures
- Prints out a monthly record

Before using a computer consider:

- The records must be such that the next financial officer will be able to continue with the record keeping on the same computer program, a compatible computer program, or by hand.
- The PTA must purchase the financial program to be used so future financial officers will have access to the program.
- The organization must agree on software used.
- A data binder must be used to permanently store the ledger pages.

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Grants

- Outside source of funding;
- President appoints Grant Writing Chairman and Committee;
- Request grant specifications before drafting proposal;
- Follow up with a phone call if necessary;
- Accept the final decision graciously;
- Always acknowledge donor's generosity when request is funded.

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Contracts

- Legally enforceable;
- Must be in writing;
- Must be approved by the association prior to being signed.
- Must be signed by two officers, one of whom is the president;
- Terms and conditions must be understood;
- Must NOT make PTA responsible for injury or damages;
- Must not exceed current membership year.

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SCRIP

- | | |
|--|-----------------------------|
| ■ Coupon in lieu of cash | E-Scrip is electronic scrip |
| ■ PTA buys at discount, sells for face value | ■ Any hidden costs? |
| ■ Additional insurance may be required | ■ Percent of profit? |
| ■ Scrip is same as cash | Who's responsible if – |
| ■ Follow financial procedures | ■ Lost in mail? |
| ■ Not tax deductible | ■ Bounced checks? |
| ■ Keep accurate records | |

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RAFFLES

California Attorney General's Web site:
www.caag.state.ca.us/charities/raffles.htm

Requires:

- A completed registration form and registration fee must be submitted by September 1 of each year (September 1 through August 31) during which a raffle is expected to be conducted.
- A separate Nonprofit Raffle Report must be completed for each raffle conducted during a reporting year (September 1 through August 31). Reports are due on or before September 1. (California Penal Code section 320.5)
- If you're late in filing, contact the Attorney General's office for assistance.

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Poker Night Fundraisers

- New law went into effect January 1, 2007, allowing charity poker night fundraisers.
- Nonprofits in existence at least 3 years.
- Register with the Division of Gambling Control.
- No slot machines; No Internet gaming.
- Check with Attorney General's website for specific information on regulations, registration, and reporting: www.ag.ca.gov/charities

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Sponsorship vs. Advertising

- Linked to an event that is held once a year.
- No arrangement or expectation that the business will receive any substantial return benefit.
- PTA should publicly acknowledge sponsorship.
- Qualitative judgment.
- Comparative language or language.
- Asking PTA members or the public to buy products or services.

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Recognition vs. Endorsement

- Banner at event location.
- Acknowledgement in event program book.
- Announcement to audience/attendees.
- Acknowledgement in PTA or school newsletter (per policy)
- Recommendations of products or services.
- Continuing or repeat projects.
- Promotion of product or services by PTA or its board members.

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INVENTORY

Many PTAs order items from vendors and then resell the items to raise monies for PTA. It is important that an accurate inventory of items is kept. The PTA must:

- Get PTA membership approval before ordering the product
- Follow PTA financial procedures
- Verify that the order form reflects the correct items ordered and that the right amount of money is collected
- Inventory all items with packing slip when received – if there is a discrepancy, contact company immediately

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INVENTORY

(continued)

- Store items in a safe place
- Ensure customer orders are filled accurately
- Ensure all orders purchased are picked up or delivered to customer
- If there is a customer complaint, handle the complaint promptly – refund the monies if necessary
- Pay bill promptly – an order form is a form of a contract that the PTA has agreed to pay
- Contact council PTA, if in council, AND district PTA immediately if there are any problems

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Insurance Coverage & Safe Events

Insurance coverage is required for all units, council and districts

- Covers allowable PTA activities
- Protects PTA if injury or accident
- Protects against theft
- Protects officers against suit

When planning events . . .

- Evaluate possible risks
- Check *Insurance and Loss Prevention Guide* - it outlines the risks associated with planned activities.
- Contact insurance company & explain program – outline how your plans eliminate any potential risks
- Don't do prohibited activities

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Hold Harmless Agreements

- Signer assumes total liability for facility while in use by signer.
- Contact PTA insurance company if school district requires PTA to sign a Hold Harmless Agreement.
- PTA must obtain a Hold Harmless Agreement and Evidence of Insurance from each vendor, concessionaire, or service provider it uses.

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PTA and the BUDGET CRISIS

PTA programs should promote:

- Parent education and involvement
- Home and school cooperation
- Children's well-being
- Community betterment
- PTA leadership training.

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One of the Purposes of the PTA is “to secure adequate laws for the care and protection of children and youth.” It is by educating its members — and through them, the general public — on the impact of issues affecting children and youth, that PTAs can best influence the course of action of those who make policy decisions, thereby achieving the Purposes of the PTA.

Public education is a public responsibility.

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PTAs and Staff Appreciation

- PTA resources can be used for this type of expense; however we must maintain our nonprofit status as governed by the Internal Revenue Service Code section 501 (c) (3). Within the language of the code, the IRS does permit expenses that are not directly related to the primary purpose of the PTA if the expenses are **not of a significant amount.** "Not of a significant amount" is defined by the IRS as an amount that **does not exceed 5% of the nonprofit organization's annual budget.**

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PTAs and Staff Appreciation

- Acceptable types of expenditures may include a staff lunch as long as the expenses follow the above guidelines and the expenses **are approved by the membership.** PTA monies **cannot** be used to purchase, personal gifts for any staff or PTA member.
- Remember the 5% rule applies to all expenses that are not directly related to the primary purpose of the PTA, which would include all areas of hospitality not just staff appreciation.

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PTA Gifts to Schools

How can PTAs help their local schools fund programs that parents consider crucial to their child's education and safety? Gift the money.

- Obtain approval for gifts from
 - PTA membership
 - Principal
 - School District
- Obtain approval from membership for all expenditures prior to any purchase. Record motion to approve in the minutes of the association.
- Do not commit funds from one year to the next.

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PTA and Gifts to Schools (cont)

- Ensure gift benefits the largest number of students possible.
- Ensure school district accepts responsibility for liability, maintenance, and up-keep of any equipment before purchased.
- Specify the school site where the gift is to be credited.
- Have gift formally accepted by the School Board.
- Immediately following acceptance, record in the association minutes a description of the gift and the date accepted.
- School/school district has a fiduciary responsibility to use the gift as intended.
- Fiduciary Agreement will assist the PTA in ensuring that the gift is used as directed.

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Investments

- Funds in excess of PTA's expenses may be placed in an interest bearing checking account or invested.
- Potential investments should be investigated to determine which are safe and yield reasonable returns.
- Association must vote annually on investments.

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PTA & DISASTER RELIEF

- May donate to another 501(c)(3)
 - Such as: American Red Cross, Salvation Army, UNICEF, United Way . .
- May not donate to a specific family or individual
- PTA membership must approve and approval must be entered into association minutes

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PTA AS EMPLOYER

- When considering a project requiring paid personnel, carefully review the information regarding PTA policies and procedures before embarking on any program or project, especially those where the PTA employs personnel.
- Each PTA project is unique and the applicable state and federal regulations change periodically.

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PTA AS EMPLOYER

- The PTA may not hire a voting member of its board as an employee or independent contractor. This would be considered a “conflict of interest.”
- In many cases it is preferable to gift the monies to the school district directly for the services required, since they have the experience and expertise of an employer.

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PTA AS EMPLOYER

- An employer must generally withhold and forward income taxes, social security and Medicare taxes, and pay unemployment taxes on wages paid to an employee.
- File all applicable government reporting forms.
- Obtain approval from PTA Insurance Broker prior to entering into direct employee payment.

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Employee vs. Independent Contractor

To determine whether or not a person should be considered an employee or an independent contractor, the IRS has identified twenty factors that are to be used as guidelines.

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Workers' Compensation

- California state law requires that all workers regardless of their salary be covered by Workers' Compensation insurance.
- The Workers' Compensation insurance carrier for the California State PTA is the Acord Corporation.
- Acord requires that every unit, council and district PTA complete the *Workers' Compensation Annual Payroll Report* regardless if wages are paid or not.

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Does your PTA hire employees?

- If so, you must attach the following to the Workers' Comp Annual Payroll Report Form:
 - ✓ Form DE-6, Quarterly Wage and Withholding Report.

Does your PTA pay anyone \$600 or more in a calendar year (Independent contractor)?

- If PTA hires independent contractors, the PTA must attach the following to the *Workers' Compensation Annual Payroll Report* Form.
 - ✓ 1099-MISC, Independent Contractor Form.

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Workers' Compensation Annual Report Form

NAME	TYPE OF WORK	DATES WORKED	AMOUNT PAID
Sue Smith	Babysitter	9/04	\$15.00
Jane Anders	Art Teacher	9/04 – 5/05	\$2,000.00
Patty Hurt	Babysitter	4/16	\$20.00

NAME	TYPE OF WORK	DATES WORKED	AMOUNT PAID
----- NO ONE PAID -----			

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Workers' Compensation premium:

- ALL PTAs are required to pay the base rate. Base rate covers gross wages of all persons hired up to \$1,000 dollars.
- PTAs that pay wages over \$1,000 will pay an additional premium of 5% of total gross wages (less \$1,000) of all persons hired to cover the increased cost of the Workers' Comp insurance. This policy is effective retroactively as of January 5, 2005
- See the Attached Sample Report From

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Audits

Auditing involves following financial transactions through records to be sure that receipts have been properly accounted for and expenditures made as authorized in the minutes and in conformity with PTA rules and procedures.

Audits are conducted. by the elected auditor, appointed audit committee or paid auditor

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SAMPLE AUDIT REPORT

UNIT NAME, date of audit
 BANK NAME , address & account number
 BALANCE ON HAND (date/last audit) \$ 1049.50
 RECEIPTS since last audit \$ 5075.00
 TOTAL CASH \$ 6124.50
 DISBURSEMENTS since last audit \$ 2978.00
 BALANCE ON HAND (date) \$ 3146.50 *

Last BANK STATEMENT Balance (date) \$ 4274.50
 Checks Outstanding (list) \$ 1128.00
 BALANCE in Checking Account (date) \$ 3146.50 *

I have verified that all government- and PTA-required reporting forms and tax forms have been filed, if necessary.

Auditor statement: correct, substantially correct, incorrect . . .
Date and Auditor signature(s)

* Amounts must agree



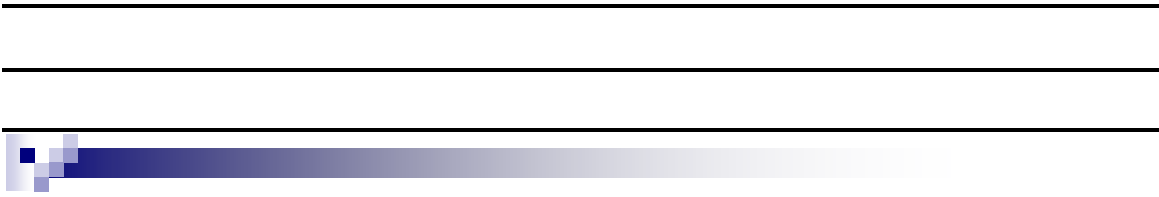
Auditor needs ALL financial records

- Last audit report
- Register & canceled checks
- Bank statements, bank book & deposit slips
- Cash Receipts
- Payment Authorization Form
- Invoices & receipts
- Monthly Treasurer's Report
- Treasurer's books/ledgers
- Annual Financial Report
- Current budget
- Copies of minutes



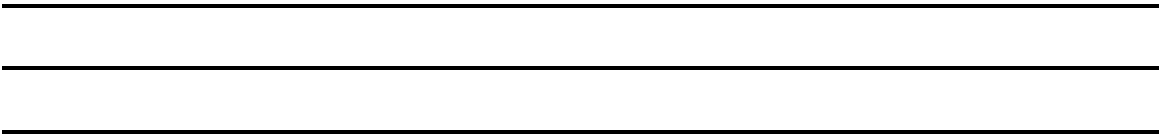
SIGNS OF POSSIBLE MISMANAGEMENT

- ✓ Lack of receipts and/or treasurer's reports
- ✓ No bank statements or canceled checks
- ✓ Payments made in cash rather than by check
- ✓ Missed meetings
- ✓ Unanswered phone calls or mail



IF MISMANAGEMENT IS SUSPECTED . . .

- Do not make any implicit, explicit, oral or written statements or accusations - such actions could result in a lawsuit for libel or slander.
- Consult with your council/district PTA president immediately and keep them informed. If removing the officer from office is a consideration, the executive board must make a formal request through channels to the council/district PTA for assistance.





TAX FILINGS

- To retain tax-exempt status, PTAs must be careful that fundraising does not become a primary focus. An individual unit can have an effect on the entire organization.
- Even though PTAs are tax exempt, they may be required to file tax returns depending on their gross receipts.

Who files?

- The responsibility of filing lies with the unit, council or district PTA treasurer whether a form is received or not..
- Forms can be obtained from any Internal Revenue Service or Franchise Tax Board office.

Beginning in 2008, small tax-exempt organizations that previously were not required to file returns may be required to file an annual electronic notice, Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ*. This filing requirement applies to tax periods beginning after December 31, 2006.

New Tax Filing Requirements

The new Form 990 series returns are effective for 2008 tax years. Fiscal years beginning in 2008 and ending in 2009. To allow organizations time to adjust to the new forms, the IRS is phasing in the new returns during a three-year transition period. During the transition, an organization's annual filing requirement depends on its financial activity. The charts below indicate the general exempt organization filing requirements during the transition period.

2007 Tax Year <i>(Fiscal Year beginning in 2007 and ending in 2008)</i>	Form to File
Gross Receipts normally less than or equal to \$25,000	990N
Gross Receipts more than \$25,000 and less than 100,000 and Assets Less than \$250,000.00	990EZ
Gross Receipts of \$100,000 or more or Assets of \$250,000 or more	990

2008 Tax Year <i>(Fiscal Year beginning in 2008 and ending in 2009)</i>	Form to File
Gross Receipts normally less than or equal to \$25,000	990N
Gross Receipts more than \$25,000 and less than \$1 million and Assets Less than \$2.5 million	990EZ
Gross Receipts of \$1 million or more or Assets of \$2.5 million or more	990

2009 Tax Year <i>(Fiscal Year beginning in 2009 and ending in 2010)</i>	Form to File
Gross Receipts normally less than or equal to \$25,000	990N
Gross Receipts more than \$25,000 and less than \$500,000 and Assets Less than \$1.25 million	990EZ
Gross Receipts of \$500,000 or more or Assets of \$1.25 million or more	990

2010 Tax Year <i>(Fiscal Year beginning in 2010 and ending in 2011)</i>	Form to File
Gross Receipts normally less than or equal to \$50,000	990N
Gross Receipts more than \$50,000 and less than \$200,000 and Assets Less than \$500,000	990EZ
Gross Receipts of \$250,000 or more or Assets of \$500,000 or more	990

Source IRS Web Site – Form 990 Series – Filing Phase in updated January 4, 2009