



# Treasurer

2020-2021 RESOURCE GUIDE



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# 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.

## VALUES

- **Collaboration:** We will work in partnership with a wide array of individuals and organizations to broaden and enhance our ability to serve and advocate for all children and families.
- **Commitment:** We are dedicated to children's educational success, health, and well-being through strong family and community engagement, while remaining accountable to the principles upon which our association was founded.
- **Diversity:** We acknowledge the potential of everyone without regard, including but not limited to: age, culture, economic status, educational background, ethnicity, gender, geographic location, legal status, marital status, mental ability, national origin, organizational position, parental status, physical ability, political philosophy, race, religion, sexual orientation, and work experience.
- **Respect:** We value the individual contributions of members, employees, volunteers, and partners as we work collaboratively to achieve our association's goals.
- **Accountability:** All members, employees, volunteers, and partners have a shared responsibility to align their efforts toward the achievement of our association's strategic initiatives.

## 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.

# Getting Started

## QUICK-START ACTIONS

- Work with the outgoing Treasurer to review your responsibilities and become familiar with your Local PTA's financial practices.
  - Does our Local PTA file sales tax quarterly or annually?
    - Does the PTA have collected sales tax to remit?
  - What Form 990 will our Local PTA file this year?
  - Are there any outstanding or recurring bills of which I should be aware?
  - What software or ledger system does our Local PTA use?
- Become familiar with the approved budget and work with other officers to determine any needed amendments before the new year begins.
- Develop a Plan of Work and submit it to the executive board for approval.
- Become an authorized signer on all bank accounts and ensure access to bank accounts and financial records transition to the executive board.
- Provide guidance to incoming board members on best practices for your PTA.
- Sign the Texas PTA Confidentiality, Ethics and Conflict of Interest Agreement and submit to the secretary.

## DUTIES AT A GLANCE

The treasurer is the authorized custodian of the funds of the association and should serve as chair of the Budget and Finance Committee. A general overview of responsibilities may be found below.

- Study all references to duties and finances in the PTA bylaws, policies and standing rules.
- Ensure your Local PTA meets all requirements of the Standards of Continuing Affiliation.
- Keep an accurate and detailed account of all monies received and disbursed.
- Ensure all cash funds are counted by multiple individuals and documented with a Deposit Form. (*Triplicate Deposit Forms may be purchased from Texas PTA.*)
- Keep on permanent file the PTA Employer Identification Number (EIN), as assigned by the IRS, and the sales tax permit, as assigned by the Texas Comptroller.
- Present a financial report at all membership and executive board meetings.
- Make timely deposits to the PTA bank account.
- Reconcile monthly bank statements as soon as received from the assigned non-signer reviewer.
  - Statement Review by Non-Signer at [txpta.org/treasurer](http://txpta.org/treasurer)
- Make disbursements in accordance with the budget, as adopted by the membership, and verify that each transaction is accompanied by a PTA Funds Request Form and necessary documentation.
- Electronically file the appropriate Form 990 within 60 days of the end of the fiscal year.
- File sales tax returns to Texas Comptroller as required (annually, quarterly or monthly).
- Maintain a list of assets owned by the PTA.
- Submit all required items to the Financial Reconciliation Committee in a timely manner.

## REQUIRED MONTHLY DUTIES

- Reconcile the checkbook to the bank statement.
- Reconcile any credit card or merchant accounts to the bank statement.
- Generate financial reports for executive board and/or membership meetings.
- Propose any budget amendments as needed.
- Deposit and expend funds as needed and record in accounting software/ledger.
- Record sales tax and state/national dues in escrow/liability accounts
- Coordinate with membership chair to report members/dues to Texas PTA



# Plan of Work

**Officer/Chairman**

**Name:** \_\_\_\_\_

**Position:**

Treasurer

**Year:** 2020-2021

**Reproduce as needed for the appropriate number of goals.**

Responsibilities /Duties:	Fill funds requests, make bank deposits, balance accounts, maintain financial records and budget, file tax returns when applicable, make regular financial reports, and various support duties. Chair the Budget and Finance Committee	Committee Members:	
Goal:	To maintain the PTA financial records in such a manner that the financial reconciliation committee finds the reconciliation process to be one of ease and organization.	Evaluation Process:	End of year review by financial reconciliation committee

Specific Action Steps	Start Date	Completion Date	Budget
Regularly check the treasurer file and vault, process PTA funds request forms and make deposits quickly after receipt of funds. Present financial reports at all regular membership and executive board meetings.	Ongoing		
Maintain (ledger or digital) financial records, update hard-copy files, balance all accounts to bank statement monthly	Ongoing		\$100-\$179 for cloud based financial software
File returns (sales tax and Form 990) within published deadline		Electronically file the appropriate Form 990 within 60 days of fiscal year end  Sales tax is due Jan 20 for annual returns and on the 20th day of the month following the end of the quarter, if quarterly.	
Monitor committees expenditures and report to committee chairs monthly on budget status and provide documentation of expenses.	Ongoing		

<b>Resources:</b>	
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# 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 shall be appointed by the President subject to the approval of the executive board, unless the PTA's Standing Rules designate who may serve on the committee. The treasurer shall serve as the Chair of the Budget and Finance Committee.

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 may not raise funds for other organizations or individuals, no matter how worthy the cause.

It is essential to have a budget in place at all times. A budget for the next fiscal year should be developed so that it may be adopted at the final membership meeting of the current fiscal year. Without an approved budget, there is no authorization to conduct business transactions of any kind until the first membership meeting is held, typically in September.

It's understandable that not all PTA plans will be finalized this far in advance, so the budget need only include those income and expense items that have been planned at the time it is developed. At the first membership meeting of the new school year, the treasurer presents an amendment to the budget to reflect any planned income or expense that have been submitted to the executive board since the budget was first adopted. An amendment to the estimated beginning balance may be necessary to reflect the actual beginning balance.

## **DEVELOPING THE BUDGET**

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

The budget includes anticipated income, such as dues, donations, fundraisers and other merchandise sales. Income and expenses should be categorized in detail so members have a clear understanding of how association dollars are being spent. The following are some functions for which funds should be budgeted: leadership training, insurance, advocacy, programs and parent education.

## **APPROVING THE BUDGET**

After the budget has been drafted, it is presented by the committee chair to the PTA executive board for consideration 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 membership meeting. 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, adjustments (also known as 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 a membership meeting before a check is issued for those expenses. The same is true of the income items.

When income varies from the expected amount, be it more or less, the budget should also be amended to reflect the correct revenue. If income is lower than projected, this amendment may necessitate a reduction in some expense items to maintain a balanced budget. Amendments require a two-thirds vote by the membership for approval.

# Sample Budget

## Terrific PTA 2020-2021 Proposed Budget

<b>Beginning Balance (Carry Over)</b>		<b>\$ 2,000.00</b>
<b>Income</b>		
	Membership: Local Dues Portion (250 members x 5.50)	\$ 1,375.00
	Donation	\$ 250.00
	Fundraisers	
	Fall Festival	\$ 4,000.00
	Jean Bucks	\$ 1,000.00
	Recycling Income	\$ 300.00
	School Supplies	\$ 8,000.00
	T-Shirts	\$ 2,000.00
	Income Subtotal	<b>\$ 16,925.00</b>
<b>Total Income</b>		<b>\$ 18,925.00</b>
<b>Expenses</b>		
	Bank Fees	\$ 72.00
	Council Dues	\$ 75.00
	Clothes Closet Donation	\$ 100.00
	Credit Card Fees	\$ 80.00
	Fall Festival	\$ 1,000.00
	Hospitality (PTA Meetings)	\$ 200.00
	Jean Bucks-Printing	\$ 50.00
	Insurance	\$ 400.00
	Leadership Training	\$ 1,200.00
	Legislative Action (Rally Day)	\$ 400.00
	Life Membership	\$ 125.00
	Membership (Flyers, envelopes)	\$ 150.00
	Newsletter	\$ 700.00
	Parent Education	\$ 100.00
	PTA Administrator (paper, supplies)	\$ 150.00
	Reflections Awards	\$ 300.00
	School Supplies (fundraiser)	\$ 6,000.00
	Scholarships	\$ 500.00
	Student Programs	\$ 2,500.00
	T-Shirts (fundraiser)	\$ 1,800.00
	Teacher Appreciation	\$ 900.00
	Website	\$ 125.00
	<b>Total Expenses</b>	<b>\$ 16,927.00</b>
	Balance to Carry Forward to 2020-2021	<b>\$ 1,998.00</b>
<b>Total</b>		<b>\$ 18,925.00</b>

\* This is a sample report. The PTA's budget report may look different depending on the accounting software the PTA uses.



# Handling Money

## SAFEGUARDING CASH

- 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. Triplicate deposit forms are available on Texas PTA's online store. All signers should retain a copy of the completed deposit form. One of the counters may be the PTA treasurer.
- Deposits should be processed as soon as possible, following receipt. If same-day or night deposits are not possible, all monies should be kept in a secure location and never at a volunteer's home. A safe or vault at the school is an option for temporary security.
- Texas PTA recommends the adoption of standing rules or a policy to determine the cash handling procedures for your PTA. If a separate policy, it must be reviewed and adopted annually by the membership.
- It is strongly recommended the PTA purchase a fidelity bond to insure the treasurer and all other persons authorized to handle funds of the association. The bond should be in an amount based upon the PTA's annual income and determined by the executive board.
- If the PTA suspects theft/fraud has occurred, a financial reconciliation must be conducted, and the PTA must follow the Texas PTA Theft and Fraud Policy. <https://www.txpta.org/policies>

## BANKING

- PTA money cannot be mingled with other funds. It must be kept in a PTA bank account at a financial institution approved by the executive board, and 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.
- PTAs should adopt a check-signing policy or include in the standing rules to determine the number of signatures required, amount thresholds and other stipulations as needed.
- The treasurer is an authorized signer on all bank accounts. Many school districts do not permit employees to be signers on the bank account even if they are officers of the association. Check with your school district about their specific volunteer policies.
- **Individuals authorized to sign on the bank account cannot be related by blood or marriage or reside in the same household.**
- **PTAs are authorized to remit payment electronically to Texas PTA and via WebFile to the Texas State Comptroller, even if the PTA has not adopted electronic banking policies**

## E-COMMERCE: ELECTRONIC BANKING AND MERCHANT SERVICES

Visit [txpta.org/policies](https://www.txpta.org/policies) for detailed information on the following:

- Online Statement Review
- Use of Credit/Debit Cards
- Electronic Banking

A PTA's membership must vote to authorize e-commerce transactions by amending their standing rules or, in the absence of standing rules, adopting a separate policy. PTAs should note that all adopted policies must be reviewed and adopted annually by the membership.

PTA's who vote to authorize one or more of the e-commerce options must include the corresponding language in the standing rules or policy.



## **Protecting Your PTA with Insurance**

Texas PTA strongly encourages PTAs to obtain adequate insurance protection against liability and financial loss due to fraud, embezzlement, or dishonest acts.

Texas PTA negotiated a group discount with association Insurance Management (AIM) (800-876-4044) to obtain insurance coverage at affordable prices. Similar coverage may be obtained from any insurance company, locally or otherwise.

AIM offers the several types of coverage listed below and PTAs may secure any combination of coverage at any time during the year. Additional information may be found on the website <https://www.txpta.org/pta-insurance>

### **EVENT/GENERAL LIABILITY COVERAGE**

- \$1,000,000 OR \$2,000,000 liability coverage per occurrence.
- \$5,000 per person medical payment (no deductible)
- Option for increased medical payments: \$10,000, \$ 25,000, and \$ 50,000

Event/General Liability covers fall carnivals, bounce houses, dunking booths, fun runs, skating parties, auctions, and more.

### **DIRECTORS & OFFICERS LIABILITY COVERAGE**

- \$1,000,000 liability limit
- \$1,500 deductible

If someone sued the officers of your PTA for mismanagement, misrepresentations, dissemination of false or misleading information, or inappropriate actions, this coverage would pay to defend them against those actions.

### **EMBEZZLEMENT COVERAGE (FIDELITY BOND)**

- Coverage available \$10,000, \$25,000 and \$50,000
- \$250 deductible

Embezzlement Insurance (bond) covers monetary losses sustained by a PTA through any fraudulent or dishonest act(s) or embezzlement committed by any of the elected officers, members and volunteers.

### **PROPERTY COVERAGE**

- \$10,000, \$ 20,000 and \$ 50,000 Property Insurance Limit
- \$250 deductible

Property Insurance covers items such as raffle merchandise, auction items, and fundraising supplies while in your PTA's care, as well as your PTA's personal property like popcorn machines, school store supplies, emergency relief supplies, and more.

# Raising Money

Most PTAs need to raise funds to provide programs and services throughout the year; however, fundraising efforts should not be the primary emphasis for PTAs. Fundraising efforts should be in response to supporting approved PTA work rather than driving the goals of the PTA. To help ensure proper alignment with our Purposes, **Texas PTA recommends that PTAs engage in three programs or service projects for each fundraiser activity hosted.**

There are many different methods to raise funds and PTAs will be approached by numerous external groups that offer their products and services to assist the PTA in raising money. It's important that PTA Leaders evaluate these opportunities carefully and consider all legal and community-related implications.

When using a fundraising company, protect the PTA by having all information in writing. A contract protects you, the association and the fundraising company. With a contractual agreement, all parties assume responsibility for complying with the terms, but the PTA also begins with a clear understanding of who handles what. Make sure the contract is clearly an agreement between two organizations, not two individuals. Contracts are only signed by the President with board approval and the signer adds their title after their name to show they are signing for the PTA. Here are some things to look for when reviewing the contract: Double check all the numbers (cost and profit percentages), approved promotional materials listed, desired services included, what is the procedure for handling damaged, unsold or returned merchandise, and dates for delivery, payment due consistent with verbal agreements.

## **NONCOMMERCIAL POLICY & CO-VENTURING**

PTA bylaws include the requirement to be noncommercial.

- The name "PTA" is not to be used in conjunction with the commercial activities of other organizations, including the promotion of their goods or services.
- A PTA does not raise money for other organizations or individuals, no matter how worthy their cause. Commercial Co-Venturing is becoming a popular form of fundraising for PTAs. Commonly, a business will advertise a cooperative fundraising effort in which a portion of their sales will be forwarded to the PTA as a gift. The size of the gift is determined by how successful the business is in selling its product or service.
- Given PTA's noncommercial policy, the only appropriate role in such a venture is a passive one. The PTA must refrain from active promotion or marketing of the business's products or services and do no more than inform members of the agreement.
- Structure agreements in such a way as not to appear as an endorsement of a product or company. If this is not possible, the PTA should not enter into the agreement.

## **BINGO**

PTAs must consider all the regulations before committing to a Bingo event and should avoid participation unless they can assure complete compliance. Detailed rules may be obtained from the Texas Lottery Commission (TLC) by requesting a copy of the Bingo Enabling Act, the Charitable Bingo Administrative Rules and the Bingo Operations Manual. You will also need to request a Texas Application for a Temporary License to Conduct Bingo in the event you decide to go ahead with the process. Even if the games are just for fun, where no entry fees are collected, a license is still required.

The TLC must receive the application and all attachments at least 30 days prior to your first event. To obtain forms call the Charitable Bingo Division of the Texas Lottery Commission at 800 - BINGO77 (800-246-4677). You may not advertise a Charitable Bingo prior to actually receiving your license.

## **RAFFLES**

Chapter 2002 of the Occupations Code, the Charitable Raffle Enabling Act, permits and regulates “raffles,” which it defines as “the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised to pay a thing of value for a ticket that represents a chance to win a prize.”

Raffles do not require a license. Local or Council PTAs must be in existence for at least three years before they can conduct a raffle. According to a Texas Attorney General, they are a legal activity for a PTA provided each of the following regulations is followed:

- Each ticket must have printed on it the name and address of the PTA, name of an officer, the price of the ticket and a description of each prize valued at \$10 or more. No prize may be valued in excess of \$50,000.
- A PTA may hold no more than two raffles per year and only one at a time.
- Tickets may not be advertised statewide or through paid advertisements.
- A raffle prize may not be cash.
- The PTA must have the prizes in its possession or post a bond for the full value with the county clerk.
- Only members of the sponsoring PTA may sell tickets or an authorized representative.
- The PTA must complete a W2-G form to turn into the IRS if the prize exceeds \$600. A W-9 must be completed by the winner or backup withholding at the rate of 31% must be collected by the PTA. Provided the prize value is less than \$5,000 and a W-9 is completed by the recipient, the PTA is under no obligation to collect tax.
- No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets.

## **DONORS AND CHARITABLE CONTRIBUTIONS**

PTAs must be prepared to issue receipts for contributions made, regardless of the amount or value. Canceled checks are no longer sufficient. There is no required format for the receipt and Social Security Numbers are not required. At a minimum, the receipt must reflect the donor's name, date, cash amount received or a description of the property received (but not the value), a statement that no goods or services were provided by the organization in return for the contribution and has the PTA's name on the receipt. If a donor receives value of goods or services for the donation, only the portion in excess of the value is deemed a donation. A description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution must be included in the written acknowledgement. A donor cannot claim a deduction of \$250 or more unless the donor obtains a written acknowledgement of the contribution. Sample donation receipt/acknowledgement may be found at [www.txpta.org/treasurer](http://www.txpta.org/treasurer)

PTAs are required by IRS disclosure rules to inform prospective donors about the extent to which their contributions are legally tax deductible.

If a PTA holds a fundraising event that provides a meal or some tangible item in return for the purchase of a ticket, then the portion of the ticket that is tax deductible is the ticket price less the fair market value of the meal or item received. For example, if a spaghetti supper ticket sells for \$20 and the value of the meal is determined to be \$5, the purchaser is entitled to a \$15 charitable contribution deduction. The \$5 is not the cost to the PTA, but the value of a prepared and served meal allowing for a reasonable profit.

## **RECORD KEEPING AND REPORTING**

To comply with IRS reporting requirements, complete records must be kept on all monies received and all expenditures for seven years after the date the PTA's return is filed.

# Spending Money

- The PTA membership must authorize the expenditure of all funds by approving and amending the budget throughout the year.
- Purchases should never be paid with cash.
- Check signers should never sign a blank check or issue disbursement without receipts or sufficient written documentation.
- Checks should never be made payable to “cash”. If cash is needed for a specific event, the event chair should complete a PTA Funds Request for cash. The check should be made payable to the volunteer who will be responsible for the till.
- Authorized signers on the bank account(s) may not sign a check where he or she is also the payee.

## **MAKING DONATIONS**

While a PTA may never donate money to any individual person or family, we may work cooperatively in coalitions if the purpose is within the Purposes of PTA.

PTA policy concerning nonpartisan, nonsectarian and noncommercial activity must be followed.

Small token donations may be made to another group provided all of the following criteria are met:

- The PTA membership votes to make the donation.
- The group has 501(c)(3) status and PTA has documentation to prove that.
- The group shares at least one common purpose with PTA (i.e. to promote the health, education or welfare of children, provide parent education or raise the standards of home life).

## **GIFT CARDS/GIFT CERTIFICATES**

Any gift cards purchased by a PTA should not exceed \$25 in value and must be retail-specific (i.e. branded cards of restaurants, stores, etc). Generic cards (MasterCard, Visa, etc) are not permitted.

Gift cards are cash equivalents, so PTAs should exercise the same care when storing and distributing gift cards.

If a gift card is donated to the PTA for the purpose of subsidizing association expenses, complete a PTA Funds Request Form with receipts attached for the Financial Reconciliation Committee to verify that funds were spent appropriately.

## **DONATIONS TO SCHOOLS**

Texas PTA has a policy that PTAs never turn funds over to the school to be spent at their discretion. There are times when the best decision is to give funds to the school for a designated purpose. Oftentimes, schools can purchase items at a significant discount where, if the PTA writes the check, they will have to pay full retail price. Other times, PTA may decide to fund a portion of a purchase the school is making. When the best fiscal decision is to have the school make the purchase, there are certain guidelines that must be followed:

1. The membership approves the gift to be made and its purpose.
2. Funds are only given for a specific, designated purpose agreed to in writing between the PTA president and the appropriate school official. Some district policies require that gifts be made to the district and not a local campus. Some school districts will not allow a gift to be made for a certain purpose. Local



school district procedures and policies may require that these forms be modified.

3. The written agreement specifically states the nature of the item to be purchased, the manner in which it is to be used, the timeframe within which it to be procured, the agreement to provide PTA with a copy of the invoice, the agreement that any excess funds will be returned to the PTA, and the agreement that all funds will be returned to PTA if any of these terms are not met. It also includes the agreement as to who is responsible for installation (if applicable), maintenance, and insurance.

**Sample donation to school/district agreement may be found at [www.txpta.com/treasurer](http://www.txpta.com/treasurer)**

### **PLAYGROUND EQUIPMENT**

If a PTA purchases and installs the playground equipment, the liability remains with the PTA regardless of any exemption statements made by the campus principal or school. It is important to note that Texas schools may not be sued.

Texas PTA advises all Local PTAs interested in purchasing playground equipment for their campuses to obtain membership approval for the purchase.

If funds are approved, the PTA should forward a check to the school and indicate that the funds are earmarked for playground equipment. The school will then choose the company for which to purchase the equipment and the contractor to install the equipment.

### **FIELD TRIPS**

Field trips are a great way to give back to your school community. However, whether the field trip is the PTA's event or the PTA gifts money to the school for a field trip, you could face liability. Gifting money to the school significantly reduces liability but is no guarantee the PTA will not be held liable. Please review the information provided by AIM Insurance by clicking the link [Field Trips: What You Should Know](#) or by visiting <https://www.txpta.org/pta-insurance>

### **MOVIE LICENSING**

All movies that are shown in public require a license to be shown. If you are sponsoring a family movie night, admission free, you must pay for a license to show the movie in public. Even if you own the DVD, you must have a license to show the movie in public.

Some schools already have a license which would cover your showing, you should check with school administration when planning to show a movie.

Many organizations that host public showings of movies, get their license and even rent the movie from Swank. [www.swank.com](http://www.swank.com)

There are serious fines and penalties for not having a license, so check before you schedule a showing.

# Sample PTA Funds Request

## PTA Funds Request

Name of PTA \_\_\_\_\_ Date \_\_\_\_\_

### PAYEE SUMMARY

Payable To \_\_\_\_\_ Date Needed \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

Requestor \_\_\_\_\_ Invoice \_\_\_\_\_

Accounts to be Charged \_\_\_\_\_

*If the invoice requires expenses to multiple PTA accounts, please identify each account and corresponding expense.*

### PURCHASE SUMMARY

Item Purchased	Place of Purchase	Amount

*Receipts should be attached and a sales tax exemption form should have been used whenever feasible.*

### TREASURER NOTES

Invoice Date	Date Received	Plan of Work / Motion	Date Approved	Date Paid	Payment Method	Total Payment

### APPROVALS

	Name	Signature
Committee Chair	_____	_____
Treasurer	_____	_____
President	_____	_____



# Reporting

## **PTA FINANCIAL REPORT**

The bylaws require that the treasurer present the financial report at membership meetings, executive board meetings, and other times when requested by the executive board or the members. Reports must be given at every meeting for all accounts; not just the general account. This written report indicates the period of the fiscal year the report covers, the date it was prepared, and by whom. Separate reports are prepared for executive board meetings and membership meetings, so the reports will have different reporting periods.

- Start with the balance on hand at the beginning of the year or the balance from the last meeting date.
- List all receipts in detail and total; itemize all disbursements and total.
- End with the balance on hand as of the date of the report.

Copies of the report are distributed to the members in attendance, when possible. This report is not adopted but filed. The reports are provided to the financial reconciliation committee during the financial reconciliation process and are maintained permanently. A copy is retained by the treasurer and another copy retained by the secretary, to be placed with the minutes.

## **BUDGET VS ACTUAL REPORT**

The budget vs actual year to date report should be printed or electronically displayed at each meeting, along with the financial report, to provide members with a clear understanding of how the PTA is performing financially in comparison with the approved budget. The executive board will use the budget report to determine if any budget amendments may be required. The budget vs actual report does not have to be verbally presented at each meeting, but it should be available for members to view.

## **Preliminary and Final Annual Report**

The treasurer makes a preliminary annual report to the membership at the annual meeting, which is the final meeting of the year. However, this report is for information only and is not officially adopted. The report looks just like the annual budget, but with year-end actual figures. It is presented in a format comparing actual figures to the approved budget as amended. At the close of the local PTA's fiscal year, this report is finalized and provided to the financial reconciliation committee.

The incoming treasurer presents the finalized annual report at the first membership meeting of the new year. The financial reconciliation committee presents the financial reconciliation at the same meeting. The annual report and the financial reconciliation report are filed after the association has formally adopted the financial reconciliation report.

# Sample Financial Report

## Terrific PTA

### Financial Report- July 1, 2020 to September 19, 2020

Beginning Cash Balance: 7-1-20		\$	<u>2,701.76</u>
Income			
Membership: Local Dues Portion (156 x 5.50)		\$	858.00
Donations		\$	75.00
School Supplies		\$	7,986.00
T-shirts		\$	<u>1,460.00</u>
Total Income:		\$	<u>10,379.00</u>
Total Available Funds		\$	<u>13,080.76</u>
Expenses			
Bank Fees		\$	(12.00)
Council Dues		\$	(75.00)
Clothes Closet Donation		\$	(100.00)
Credit Card Fees		\$	(56.32)
Leadership Training		\$	(1018.34)
Membership Promotion - flyers, envelopes		\$	(26.51)
PTA Administration – Paper, supplies		\$	(16.78)
School Supplies (fundraiser)		\$	(5986.25)
T-shirts (fundraiser)		\$	(1678.00)
Teacher Appreciation		\$	(87.69)
Total Expenses		\$	<u>(9,056.89)</u>
Ending Balance September 19, 2020		\$	<u>4023.87***</u>
Receipts not belonging to PTA:			
State and National Dues	\$ 702.00		
Escrow/Liability received			
State and National Dues	<u>\$ (702.00)</u>		
Escrow/Liability payments			
Ending Balance State and National Dues	<u>\$ 0.00</u>		
Sales Tax Escrow/Liability received	\$ 27.88		
Sales Tax Escrow/Liability payments	\$ 0.00		
Ending Balance Sales Tax Escrow/Liability	<u>\$ 27.88***</u>		

\* This is a sample report. The PTA's financial report may look different depending on the accounting software the PTA uses.

\*\*\*Remember the balance in the bank is \$4023.87 + 27.88 = \$ 4,051.75 according to this report.

## IRS GROUP EXEMPTION

In a ruling dated September 14, 1967, the Internal Revenue Service held that Texas PTA and its PTAs are exempt from federal income tax under the provision of Section 501(c)(3) of the Internal Revenue Code of 1954. As a result of this ruling, Local and Council PTAs are not required to file Form 1023 to obtain this status. This ruling further holds that contributions to Texas PTA and its Local or Council PTAs are deductible to the donor as charitable contributions for federal income tax purposes.

Texas PTA is required by law to report annually to the Internal Revenue Service a list of all PTAs in good standing with the state PTA. The PTAs listed are covered by our group exemption. In order for a PTA to be considered in good standing, they must be in compliance with the Standards for Continuing Affiliation as published on the Texas PTA website. Any PTAs not listed would be subject to income tax on all earnings.

For requests for a copy of the IRS Determination Letter and a Letter of Good Standing, please contact [finance@txpta.org](mailto:finance@txpta.org) and include your contact information, and your Local PTA name, city, and Local PTA ID number.

## FEDERAL EIN

Each PTA will be issued a nine-digit tax identification number, known as an Employer Identification Number (EIN), or federal ID number. Texas PTA provides this number at the time a Local PTA is organized. A PTA's EIN is a part of the permanent records of the PTA and is kept on file with Texas PTA. The PTA Bylaws will list the EIN assigned to the PTA. All EINs are reported to IRS annually to identify those PTAs covered by the Texas PTA group exemption.

The EIN is used for all bank account(s), and certificates of deposit(s) of the PTA. The number is also required when filing the appropriate 990 form or applying for a State of Texas sales tax permit. Please be sure to use the PTA's EIN, not Texas PTA's EIN, when filing your 990.

## FORM 990

A PTA's gross receipts in a given fiscal year determine the appropriate Form 990 that should be filed. Gross receipts are defined as the total amount the association receives from all sources during its annual accounting period without subtracting any costs or expenses. **Sales tax collected, state and national dues, and any carryover from the previous year are not a source of revenue to the Local PTA and are not included in the calculation.**

The Form 990 is an informational return only. No tax will be due if filed timely and accurately. The last three years returns are required to be available for public inspection upon request or copies will be mailed for a nominal copying and postage fee. If you are assessed penalties for failure to file, contact the Texas PTA office for assistance prior to paying.

Failure to file the Form 990 for three consecutive years will result in the PTA's tax-exemption being revoked. While the IRS provides a filing deadline no later than four and a half months after the end of the fiscal year, **Texas PTA requires that PTAs file their 990 electronically within 60 days of the end of the fiscal year.** The Taxpayer First Act, signed into law July 1, 2019 requires all form 990s to be filed electronically

PTAs must file one of three Form 990s annually:

- **990-N:** Gross receipts are normally \$50,000 or less per year;
- **990-EZ:** Gross receipts greater than \$50,000 but less than \$200,000 per year; or
- **990:** Gross receipts more than \$200,000 per year.

PTAs with gross receipts normally less than \$50,000 will need to file the 990-N electronically directly with the IRS. If the PTA is at least 3 years old and **averaged** \$50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which calculations are being made), the PTA may file the 990N. This notice asks for a few basic pieces of information:

- the organization's taxpayer identification number (EIN)
- its tax period (fiscal year)
- legal name (PTA Texas Congress), mailing address and DBA (Local PTA Name)
- a website address if one exists
- the name and address of a principal officer (president's name and school's address) and
- a statement confirming that the organization's annual gross receipts are normally \$50,000 or less.
- The 990-N filing guide and a youtube video on how to file are located on the Treasurer's page of our website at [www.txpta.org/treasurer](http://www.txpta.org/treasurer).
- Filing on the IRS website is free of charge.

### **990-EZ / 990**

PTAs with gross receipts more than \$50,000 but less than \$200,000 will be required to file the 990-EZ. PTAs with gross receipts more than \$200,000 will be required to file the 990.

The Taxpayer First Act, signed into law July 1, 2019 requires all form 990s to be filed electronically. Texas PTA recommends using a service such as [efile.form990.org](http://efile.form990.org) to file your 990EZ. This service is free if your gross receipts are \$100,000 or less and \$38 for gross receipts from \$100,001 to \$500,000. Filing electronically will also help ensure your PTA meets the filing requirement of the Standards of Affiliation in a timely manner.

PTAs filing Form 990-EZ should be able to do so electronically, without the assistance of a paid preparer. If filing a full Form 990, PTAs should engage the services of a licensed tax preparer and file electronically.

When completing the Form 990-EZ / 990, two numbers must appear on page one in the appropriate place. The first number is the Texas PTA group exemption number (GEN) 1889. The second number is the Local or Council PTA's Employer Identification Number (EIN). **Do not use Texas PTA's EIN when completing the return.**

Schedule A must be completed and attached to the Form 990/990-EZ. Due to the group nature of our exemption, all PTAs are considered nonprofit for the same reason. Therefore, all PTAs must check the box (currently Box 10) in Part I of Schedule A indicating the reason for public charity status.

Some Local and Council PTAs may be required to file a Schedule B if they meet the requirements. To determine whether your PTA is required to file Schedule B, first complete your PTA's form 990/990-EZ. Organizations that received \$5,000 (in money or property) from any one contributor will be required to file Schedule B. Refer to the IRS instruction booklet for Schedule B for line-by-line instructions on how to complete Schedule B. If your PTA does not meet these requirements check the box (currently Box H) on the 990/990-EZ.

If the Local or Council PTA reported more than \$15,000 from total gaming on line 6 a, and/or \$15,000 or more from fundraising and special events line 6 b, then Schedule G, Parts II and III must be attached to Form 990-EZ/990.

In addition, all PTAs are required to complete Supplemental Schedule O. This schedule lists other expenses not included in Part 1, Lines 10-15 with a total that agrees to Part 1, Line 16 of the 990-EZ/990.

## **CHANGE IN ACCOUNTING PERIOD**

A PTA may change its year-end by adopting a bylaws change. Until the bylaws change has been adopted by the membership and approved by Texas PTA, the IRS cannot be notified of this change in year-end.

When changing a fiscal year, the PTA will need to file two Form 990s. One reflecting the old fiscal year, and a second one for the month(s) between the previous fiscal year end and the new fiscal year end. For example: If a PTA wishes to change from a May 31 to a June 30 year-end, a Form 990/990-EZ would be filed for the 12 months ending May 31 as usual. Additionally, a Form 990/990-EZ would be filed for the short year of one month ending June 30. Thereafter, returns would be filed for years ending June 30. On the other hand, if a PTA wishes to change its year-end from June 30 to May 31, the returns would have been filed for the previous year-end as of June 30. Another return would be submitted for the short year ending May 31 for 11 months, and thereafter every 12 months ending May 31. The returns for the short year have the notation "Change in Accounting Period," noted at the top of the return.

If a PTA has changed its year-end previously within the last 10 years and was required to file a 990, it must now file Form 1128 to request IRS approval to change its year-end. Additionally, Form 990/990-EZ is filed for the short year, and a bylaws amendment to reflect the change is adopted.

If the PTA is required to file a 990-N, the treasurer observes that the fiscal year does not match with the fiscal year designated in the local bylaws, contact the Texas PTA Finance Department and Texas PTA will notify the IRS. This correspondence will correct the error and have the appropriate year-end on file with the IRS. The fiscal year cannot be changed on the 990-N.

## **FORM 1099-MISC**

All PTAs are required to file Form 1099-NEC with the IRS if they pay an individual or unincorporated business \$600 or more during a calendar year for services rendered. An example where this would apply is for paid guest speakers. A 1099 is not required when payments are for the purchase of merchandise. The Form 1099-NEC must be sent by the PTA to the payee on or before January 31 of each year and filed with the IRS along with Form 1096 by February 28 of each year. The Form 1099 includes the name and address of the payee, his or her social security number or EIN, and the total amount paid during the calendar year. Form 1096 is a summary of all 1099-NEC issued by the PTA during a calendar year. Even if only one 1099-NEC was issued by the PTA, a 1096 must still be completed.

To obtain the above forms, visit the IRS website, [www.irs.gov](http://www.irs.gov) or call the toll-free Customer Account Services at 877-829-5500.

## **State Taxes**

### **EXEMPTION FROM PAYING SALES TAX**

PTAs are not required to pay the Texas sales tax on items purchased for use in presenting programs or carrying on the work of the PTA. This exemption was granted to Texas PTA and covers all PTAs in good standing.

All PTAs in Good Standing should be individually listed with the Texas Comptroller's office. You can verify if your PTA is listed at <https://comptroller.texas.gov/taxes/exempt/search.php> If your PTA is not listed and wants to be listed individually, complete the the Form AP-207 with the Texas Comptroller's Office.

When PTA members purchase items for the PTA, they present an exemption certificate to the retailer to remove the sales tax. Some retailers have their own certificates and will request the purchaser to sign it. The state of Texas does not issue exemption numbers, and, therefore, your exemption certificate requires no

number to be valid. However, retailers will often ask for a tax exemption number. The information that the retailer needs is the eleven-digit Texas Taxpayers Identification Number issued by the Texas Comptroller. This allows the Texas Comptroller's office to verify that any tax-free sales were legitimately sold to a tax-exempt entity. You do not have to have a sales and use tax permit, which is needed to collect and remit sales tax on sales of taxable goods and services, in order to have a Texas Taxpayer Identification Number.

### **EXEMPTION FROM PAYING STATE HOTEL OCCUPANCY TAX**

Texas PTA and its affiliates are exempt from the state hotel occupancy tax, but are required to pay the local hotel occupancy tax. To avoid paying the state tax, provide the hotel with a completed hotel occupancy exemption certificate and a copy of the letter from the Texas Comptroller's office granting this exemption. <https://comptroller.texas.gov/taxes/exempt/search.php>

### **COLLECTING AND REPORTING SALES TAX**

A Local or Council PTA is required to have a sales and use tax permit if the PTA sells tangible items, such as handicrafts, candles, t-shirts, cups, books and school supplies other than on the designated tax-free days. Before submitting an application for a sales and use tax permit, the PTA must be listed as a tax-exempt entity on the Texas Comptroller's website. If the PTA is not listed, complete and submit Form AP-207.

The permit is issued from the Texas Comptroller's office. The form requires the Local PTA's EIN to complete the application. It is recommended that the school address be used for the application, returns and correspondence.

Once a PTA has received a sales and use tax permit, the PTA must file the required reports, either quarterly or annually, **even if the amount of sales tax collected is zero.**

Make at least two copies of the permit. File one copy with the treasurer's permanent records, and give the other copy to the fundraising chair or coordinator to display during the activity. There is no fee for the permit, and it remains valid until a request to cancel it is made by the PTA or cancelled by the Texas Comptroller. When your permit is issued, you will be assigned a reporting period. This could be monthly, quarterly or annually, depending on your sales volume. Most PTAs are on an annual filing basis; therefore, their returns are due on January 20 for the previous calendar (January-December) year. If the due date falls on Saturday, Sunday, or a legal holiday, the return may be postmarked on the next business day and still be considered timely. The return must be filed if you have a permit, even if you have no sales tax due during the reporting period.

- Total sales will equal the amount of PTA receipts as a result of the sale of tangible property. PTA membership dues, an admission price to an event or donations are not considered sales. Total sales will be the accumulation of the income from items such as spirit wear, school supplies, cookie dough sales and school store merchandise.
- Taxable sales are the total receipts of goods on which sales tax should be collected. In the bullet above, the cookie dough fundraiser sales would not be included as taxable sales because cookie dough is non-taxable. Any taxable sales that occurred during the two tax-free days would not be included in this calculation as well.
- Because the Texas Comptroller requests computation on income in whole dollars only, there will be a difference in the amount collected and what is remitted to the Texas Comptroller. In addition, there is a .05% deduction for paying timely. Once sales tax is paid, there is always a small amount left in sales tax escrow that remains as a part of the PTA's income. The PTA should zero out the balance in the sales tax escrow/liability account and increase the donations income by that same amount.

A PTA purchasing taxable items for resale must first obtain a sales tax permit and issue a resale certificate to the seller in lieu of paying sales tax. A PTA does not have the option of paying the sales tax when the



merchandise is purchased in order to avoid collecting the sales tax as merchandise is sold. When the items are resold, the PTA must collect and remit the sales tax to the Texas Comptroller unless the taxable items are sold only during a tax-free day. If taxable items are sold only on the tax-free day, an exemption certificate is given to the seller rather than the resale certificate.

The following items are not subject to sales tax:

- PTA food sales made at a PTA fundraising event are exempt from sales tax unless the PTA is in direct competition with a retailer required to collect sales tax. In this circumstance, the PTA would be required to collect sales tax as well.
- There is no tax on admission tickets (including those at carnivals); fees or raffle tickets provided all the proceeds go directly to the PTA.
- Student directories, yearbooks, cookbooks, and any other publications of the PTA are exempt from sales tax.

A PTA may participate in the annual State Sales Tax Holidays if they are selling items included in this event.. In addition to clothes, footwear and some backpacks, Texas families also get a sales tax break on most school supplies priced at less than one hundred dollars (\$100.00) purchased for use by a student in an elementary or secondary school. These days would not count as one of your two tax-free days.

For more information, visit the Texas Comptroller's website. Generally, profit is not a factor in determining if sales tax must be collected and remitted to the state on the sale of an item. The exception to this general rule is when a PTA purchases food from a for-profit business and turns around and sells it at no markup to its members. In this circumstance, the sales are not exempt from the collection of sales tax. PTA cannot act as a conduit to circumvent the collection of sales tax on a sale that in no way is benefiting the PTA.

An example would be if PTA purchases pizza from a restaurant and sells it to members at a meeting as a convenience to provide dinner.

- If the PTA purchases the pizza from the restaurant and sells it to their members for the exact same price the restaurant sells it for, tax must be collected. A resale certificate is given to the restaurant because PTA is going to resell the pizza.
- If the PTA were purchasing the pizza to provide dinner at the expense of the PTA (the membership would not pay for the pizza), the PTA would be exempt from paying the sales tax.
- If the PTA purchases the pizza from the restaurant and sells the pizza for a profit, then no tax would be collected.

Any of the above taxable items could be deemed not taxable if sold on one of the PTA's two tax-free days. Every PTA is entitled to sell taxable items as nontaxable on two days (or 24-hour periods) per calendar year. These days are determined and designated in the PTA's minutes, prior to the beginning of the sale.

Most PTAs file returns annually or quarterly. Annual returns are due on the 20th of January and quarterly returns on the 20th of the month following the end of the quarter. **There are penalties for late filing.**

PTAs are authorized to submit sales tax electronically to the Comptroller via WebFile, even if the PTA has not adopted electronic banking policies.

Note: If you are selling items that the collection price includes sales tax, you must inform the purchaser that sales tax has been included in the price. All information must state, "Sales tax included in price."

# When to Collect Sales Tax

	Taxable	Nontaxable
Cookie Dough		X
Popcorn, popped *		X
Spaghetti supper		X
Concession sales*		X
Raffle tickets		X
Cookbooks produced by the PTA		X
Cookbooks purchased for resale	X	
Student directories produced by the PTA		X
Other writing and publications of the PTA		X
Gift wrap	X	
School supplies	X	
T-shirts	X	
Admission ticket (if the PTA is the <i>provider</i> of the amusement)		X
Admission ticket (if the PTA is <i>not the provider</i> of the amusement)	X	
Discount Coupons		X
Horticultural products such as flower arrangements, roses, carnations, holiday greenery and poinsettias	X	
Agricultural products (plants and seeds), the products of which ordinarily constitute food for human consumption		X
Pumpkins from the pumpkin patch		X
Pumpkins that have been carved, painted or decorated	X	
Books (not written by the PTA)	X	
Silent Auction items - DEPENDS ON THE ITEM AUCTIONED	X	X
Garage sale items	X	
Pictures with Santa	X	
Booth rental fee		X
Confetti eggs at carnivals	X	
Face painting		X
Educational activities such as coloring, painting, crafts		X
Gift items sold at Santa's Workshop	X	
Sales of magazine subscriptions sold for a semiannual or longer period (six months or greater) and entered as second class		X
Sales of magazine subscriptions sold for a shorter subscription period (less than six months) and sales of individual issues	X	

\* - These items would be taxable if the PTA is not the determined seller by both purchasing inventory AND determining the sales price.

**Additional information from the Texas Comptroller's Office regarding sales tax and fundraisers may be found under Resources at [txpta.org/treasurer](http://txpta.org/treasurer)**



## **TAX-FREE DAYS**

PTAs may hold two, one-day (24-consecutive hour), tax-free sales (for which the PTA is the determined seller) or auctions each calendar year. These sales or auctions are designated in the executive board or membership meeting minutes. Sales of otherwise taxable items made during the 24-hour period designated as the tax-free sale or auction need not be taxed.

The Texas Comptroller's office has ruled that brochure/catalog sales are not eligible for tax-free declaration by the PTA because, for these sales, the PTA is acting as an agent for the vendor, who is the seller. The PTA collects sales tax on the sales price and remits it to the vendor to remit to the Texas Comptroller's office.

The PTA is the seller when a for-profit fundraising company does not coordinate the fundraising; the PTA is not using the marketing materials of a fundraising company, such as brochures and order forms; the PTA purchases inventory from a vendor for a certain price; the PTA resells those items at its own profit or loss and assumes all responsibility and risk. When the PTA is the seller and not acting as a representative of a for-profit fundraising company, the PTA is responsible for the proper collection and remittance of any tax due. The PTA may take advantage of the one-day, tax-free sale provision if appropriate.

The Texas Comptroller's office has ruled that PTAs may consider advance-order sales fundraisers as one of their tax-free days, provided the following criteria are met:

- All orders must be submitted by the PTA to the supplier prior to the delivery of the merchandise.
- All merchandise must be delivered to the PTA by the supplier on one day (need not be the same day as indicated above).
- The merchandise must be delivered to the purchaser over a reasonable period of time. Texas PTA recommends this period of delivery not to exceed three weeks.
- The tax-free day is the day of delivery to the PTA, or the day of delivery to the customer if the delivery occurs on one day and not over a multi-day event. The PTA may decide which of the two options they prefer.

A tax-free sale must not be a year-long activity, such as a school store.

# Financial Reconciliation

A financial reconciliation reviews all financial transactions to ensure that expenditures are properly documented

and conform with the approved budget and the PTA's governing documents. Each PTA bank account should have its own reconciliation report.

Remember, the treasurer is legally responsible for all the funds of the association. However, the officers of the association are elected by the membership and have a fiscal responsibility to keep the affairs of the association on a sound financial basis.

Committee information and discussions are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. The committee may contact the outgoing treasurer and outgoing president for any clarification required, all findings should remain confidential until the report is delivered. All members of the committee should sign a confidentiality agreement.

A financial reconciliation is required, at least annually, at the end of the fiscal year. The review should also be performed:

- when any authorized check signer is added or deleted on any bank account;
- at any time deemed necessary by the president or three or more members.

## FINANCIAL RECONCILIATION COMMITTEES

- The president shall appoint, subject to the approval of the executive board, a financial reconciliation committee consisting of not less than three members, who are not authorized signers.
- Members of the financial reconciliation committee shall not be the current secretary, incoming treasurer or be related by blood or marriage and shall not reside in the same household as the authorized signers.
- For the financial reconciliation required at the end of the fiscal year, **the president shall appoint the financial reconciliation committee at the last membership meeting of the year.**

## PREPARING FOR THE FINANCIAL RECONCILIATION

The outgoing treasurer presents the following financial records to be reviewed by the committee:

- most recent financial reconciliation report
- all checks for all accounts, cleared, voided and unused
  - Images of cleared checks on bank statement are sufficient
- bank statements for all accounts
- all receipts and deposit records
- current year annual financial report (budget vs actual)
- general ledger (all transactions for the entire year)
- all receipts for expenditures
- adopted budget as amended
- sales tax returns filed
- 990N confirmation of acceptance or a draft of the appropriate Form 990 (990 EZ or 990)
- all correspondence with any taxing authority
- all financial reports for the period to be evaluated
- report of all fundraising events since the last sales tax return was filed. Include dates held, tax-free day
  - designations, total sales, taxable sales and sales tax collected.
- Electronic banking documentation
  - Reports from electronic systems used to collect funds online or in person
- any other information requested by the financial reconciliation committee

The outgoing secretary presents the following records to be reviewed by the committee:

- current membership roster and the executive board roster
- approved minutes from membership and executive board meetings
- current bylaws and standing rules
- signed Confidentiality, Ethics and Conflict of Interest Agreement

### **FINANCIAL RECONCILIATION CHECKLIST**

PTAs can visit <https://www.txpta.org/financial-reconciliation> to download the current financial reconciliation checklist and report.

### **DURING THE FINANCIAL RECONCILIATION**

- Checks should only be written in the case of an emergency and cannot be signed by the outgoing treasurer.
- The committee should adhere to the Financial Reconciliation Checklist as provided on the Texas PTA website.

### **IRREGULARITIES IN THE RECORDS**

If the financial reconciliation committee finds irregularities in the records of the treasurer, follow the steps listed below:

- Contact the treasurer to secure additional records or information.
- If the matter cannot be settled to the committee's satisfaction, contact the Local PTA President to determine what additional steps need to be taken.
- The Local PTA President can request additional guidance from the Council PTA or the Field Service Representative.
- A Council PTA can request additional assistance from the Field Service Representative if the matter cannot be resolved by the Council PTA.
- When evidence that theft/fraud has occurred, the PTA must follow the Texas PTA Theft and Fraud Policy. <https://www.txpta.org/policies>

### **REPORTING THE RESULTS**

- A member of the committee should present a report for adoption at the first membership meeting held after the conclusion of the review.
- A copy of the annual report should be attached to the fiscal year ending financial reconciliation report and maintained permanently by the treasurer and placed in the minutes.
- In the event a complete financial reconciliation cannot be done due to the inadequacy or unavailability of the records, the membership should be notified and the report should include recommendations to correct the situation.

# Keeping Records

Compiling and maintaining a complete record of your activities can be a huge help to those PTA Leaders who follow behind you. Passing along important information to your successor gives them what they need to get started! New leaders that have access to previous PTA practices can more easily adjust or make needed changes.



## How to Compile Your Records

Ask yourself, “If I knew nothing about the job, could I do it with this information?” Depending on your position, you may need hard copy materials at your fingertips. If so, using a loose-leaf folder or binder with tabbed dividers may be needed, while other positions could easily keep their records electronically via cloud based storage or USB drive.

## SUGGESTED CONTENTS

### BYLAWS/STANDING RULES

- A current, date-stamped copy of the PTA Bylaws and Standing Rules. The parliamentarian should request a copy each year (after August 1) from Texas PTA and distribute to all executive board members. Visit [www.txpta.org/bylaws](http://www.txpta.org/bylaws) for more information.

### ROSTERS

- Current roster of executive board members with their contact information
- Contact information for Texas PTA Field Service Representative, Council PTAs (if applicable), Texas PTA board members with comparable responsibilities, the Texas PTA State Office
- Resources, and related agencies and organizations in the community relevant to your position

### ITEMS RELATED TO YOUR POSITION (as applicable)

- Description and responsibilities of your position
- Current Texas PTA BASICS Resource Guide(s)
- Plan of Work approved by the executive board
- Reports prepared for meetings (executive board, membership and committee)
- Financial records including approved budgets, detailed reports with copies of your PTA Funds Request Forms with receipts, and copies of all deposit forms that you have signed
- Promotional material, newsletter articles, evaluations, etc.
- Awards applications submitted to Council, Texas, or National PTA
- Summary of your term including recommendations for the following year

### PTA MEETINGS

- Agendas and approved minutes from each meeting
- Financial reports
- Relevant committee reports
- Information on upcoming events and programs sponsored by PTA at all levels
- Record of volunteer hours to be reported to the volunteer coordinator (if applicable)

# Standards of Continuing Affiliation



Each membership year, Local PTAs must meet **both** of the following requirements to attain Active Status with Texas PTA. The membership year begins on August 1.

1. Remit to Texas PTA state/national membership dues for at least 20 members.
2. Submit to Texas PTA the name and contact information (mailing address, phone number, and email address) of at least one current Executive Board member, preferably the President.

Local PTAs must comply with **all** of the following standards to remain in Good Standing with Texas PTA. Local PTAs that do not maintain Good Standing will be subject to a Local PTA Retention Plan as described below.

1. Maintain Active Status with Texas PTA.<sup>1</sup> (see requirements above)
2. Report all members and remit all state/national dues to Texas PTA each year.
3. Submit to Texas PTA the name and contact information for each executive board member within 15 days of election or appointment.<sup>2</sup>
4. Review Local PTA bylaws (and standing rules, if applicable) every three years and submit to Texas PTA for approval.<sup>3</sup>
5. Each year, within 60 days of fiscal year end, electronically file and have accepted by the IRS the “Form 990 Return of Organization Exempt from Income Tax”.<sup>4</sup>

## **Local PTA Retention Plan (initiated when a Local PTA does not maintain Good Standing)**

**Notification:** Texas PTA will notify the PTA of the action(s) required to attain Good Standing. The Local PTA will have 60 days, from the date of the notification, to meet all Good Standing requirements to avoid moving into the Restriction Phase.

**Restriction:** While in the Restriction Phase, the Local PTA is not eligible for awards, programs or grants administered by Texas PTA or National PTA. The Local PTA will have 45 days to meet all Good Standing requirements to avoid moving into the Intervention Phase.

**Intervention:** Once in the Intervention Phase, Texas PTA will assign a Support Team to assist the Local PTA, including the development of a written action plan to attain Good Standing. The Local PTA will continue to be ineligible for awards, programs and grants administered by Texas PTA and National PTA until Good Standing is achieved. *\*With cause, Texas PTA may place a Local PTA that has not met all Good Standing Requirements into the Intervention Phase early.*

**Restructure:** For Local PTAs that do not attain Good Standing following the Notification, Restriction and Intervention Phases, Texas PTA may begin the process of restructuring the leadership of the Local PTA or revoking the Local PTA’s charter.

1. Active Status is used to determine eligibility in many Texas PTA programs and services. Please reference specific program eligibility requirements to ensure your PTAs participation.
2. PTAs submit executive board member information to Texas PTA electronically via the Texas PTA website.
3. Bylaws are submitted via the Bylaws Submission Form found on the Texas PTA website.
4. Proof of filing and acceptance is the Exempt Organization Business Master File issued regularly by the IRS.

# Resources

Texas PTA is committed to providing our volunteer leaders across the state with the knowledge and skills they need to be successful in their role within PTA. Access to quality educational resources is a key component in supporting this success, as well as continuing to build strong Local and Council PTAs.

## FOUNDATIONS Trainings:

1. **ESSENTIALS** is a high-level orientation to PTA that is taken online via the Texas PTA website at [www.txpta.org/training](http://www.txpta.org/training). It contains the mainstay information that every PTA Leader should know. Executive Board members should take this training at least once in their PTA career. Leaders are encouraged to take Essentials (formerly titled Foundations Leader Orientation) again whenever the training is updated.
2. **BASICS** contain detailed information to support PTA Leaders in their specific board position. Every executive board member must attend a BASICS course for their specific position. These training sessions are available on-demand via the Texas PTA website. Visit us online at [www.txpta.org/training](http://www.txpta.org/training) to register.
  - a. BASICS include a workshop and companion Resource Guide, along with other supporting resources.
  - b. PTA Leaders can access the Resource Guides via the Texas PTA website or online store. Visit [www.txpta.org/local-pta-leaders](http://www.txpta.org/local-pta-leaders) to download free PDFs or [www.txpta.org/shop](http://www.txpta.org/shop) to purchase hard copies.
3. **SPOTLIGHTS** offer a short, in-depth review of some of the specific yet important topics and recurring PTA functions such as Bylaws and Standing Rules, Financial Reconciliations, Conducting a Meeting, and Nominations and Elections. Spotlights are free and are not mandatory but offer vital insights on specific and timely topics.

Reminder that both the ESSENTIALS and BASICS are mandatory for executive board members. Visit [www.txpta.org/training](http://www.txpta.org/training) to learn more!

## NEWSLETTERS AND ALERTS:

Texas PTA provides content-specific newsletters based on your PTA position. Please be certain you have submitted your own information to let Texas PTA know you are serving as a PTA Leader each year. Registering as a Local PTA Leader will help ensure you receive important updates and position-specific newsletters! Visit [www.txpta.org/officer-intake](http://www.txpta.org/officer-intake) to access the form.

All executive board members are encouraged to follow Texas PTA legislative advocacy efforts closely by subscribing to Under the Dome, our advocacy newsletter. Sign up at [txpta.org/take-action](http://txpta.org/take-action).

# FAQs

## **When does the new treasurer take over the books?**

The bylaws provide that officers assume their duties following the close of the fiscal year; however, the outgoing treasurer should complete the books upon the close of the fiscal year, secure the signature of the president, file the appropriate Form 990, and then turn the books over to the Financial Reconciliation Committee for review. Incoming treasurers should receive the books directly from the Financial Reconciliation Committee upon completion of their work.

## **When should we update the signature cards at the bank?**

Upon turning the books over to the financial reconciliation committee, incoming and outgoing officers go to the bank and change the signature card. Contact your bank in advance to verify what documents are required to change signatures.

## **Can I pay sales tax when we purchase our merchandise for sale so I don't have to collect it when we sell it?**

No, sales tax must be collected from the end user (customer) on the retail price, not the wholesale price.

## **The school district is requesting a copy of our annual report from last year. Should we provide it to them?**

Determine first why the district is asking for the information. From time to time, PTAs are asked to provide financial information to school districts. Many times, these requests come as part of a GASB 39 request or question.

GASB is the Governmental Accounting Standards Board that establishes accounting and financial reporting standards for U.S. state and local governments (including school districts). GASB 39 is a standard that says all entities (PTOs, Booster Clubs etc.) associated with a primary government (school district) are potential component units. If an entity is a component unit, then they should be evaluated to determine if they should be included in the financial reporting entity (school district).

There are three criteria to determine if an entity is a component unit:

- The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

PTAs are not supporting organizations, clubs or booster groups for any schools. They are separate legal entities with a distinct mission, vision and purpose. Local PTAs work in harmony with school personnel, but they are not part of any school. Because of this, PTAs are not required to give financial information to a school district, especially under GASB 39.

We want to have good relationships with our school districts; however, we need to evaluate what and how we share information with them. Perhaps they simply need to know how much support we gave a specific school the past year. This would be a number we could generate based on our budget and share.

**Can we have a fundraiser to raise money for a student who needs an operation?** No. Funds cannot be raised through the PTA for an individual, no matter how worthy the cause.

The student's family may be encouraged to apply to the Texas PTA Emergency Relief Fund. PTAs are encouraged to donate to this fund, but contributions may not be earmarked for a specific individual.

**Do I have to pay sales tax on prizes purchased as giveaways at a carnival?**

No, items purchased for PTA use are exempt from sales tax. As these items are not sold, neither would sales tax be collected.

If we make no profit on our school supplies, do we have to collect and pay sales tax? Yes, profit is not a factor in determining what items require the collection of sales tax.

**How much money can we carry over to next year?**

There is no established minimum or maximum amount. It will vary by PTA based upon when each holds its fundraisers. If you have no fundraiser until spring, you will need to carry over more than if your major fundraisers are in the early fall. A PTA should not raise more funds than is necessary to carry out its tax-exempt function.

**A local business wants to contribute to our PTA, but needs proof of our tax-exempt status. What do I give them?**

Provide the business a copy of Texas PTA's IRS Determination Letter and a Letter of Good Standing for your Local PTA. Both of these documents can be obtained by contacting [finance@txpta.org](mailto:finance@txpta.org) and including your contact information, your Local PTA name, city, and Local PTA ID number.

**Can our PTA give door prizes?**

Yes, as long as the item is nominal in value and money is not collected in order to be eligible. Texas PTA has defined nominal as not more than twenty-five dollars (25.00) in value.

**Can our PTA be a paying member of our local Chamber of Commerce?**

Yes, as long as the PTA membership has approved the membership and its associated expenditure. This expenditure is included in the budget.

**Can PTAs have capital projects that benefit the school?**

Unlike many other non-profits, PTAs do not have capital projects. Because we operate on a cash-based accounting method, we only look at the current year's activity when it comes to our income and expenditures.

If a PTA determines that they wish to contribute to a long-term project, such as donating towards the cost of a school marquee, they would (a) present this to the PTA membership for approval each year and (b) write a check to the school for their contribution along with completing the appropriate paperwork that specifies where this contribution will be applied and the timeframe in which the school can keep the donation. This vote takes place after all fundraisers have been held; not before. PTAs do not escrow money for long-term projects. The only two escrow accounts that PTAs have are the State/National Dues escrow and the Sales Tax escrow. These are escrow accounts because these funds are not the PTA's money; the PTA is just temporarily holding them until payment is remitted to the appropriate organization.



**Are PTAs permitted to hold a raffle where multiple prizes are awarded by drawing from multiple containers, or does this constitute more than one raffle?**

Per a written response from a representative with the Office of the Attorney General, as long as the prizes are awarded at one event/occasion, multiple containers to draw from can be used to constitute only one event/one raffle.

**Can PTAs pay for workshop fees, speaking engagements, salaries or fees to associations for school district employees?**

PTA may elect to pay for workshop fees or reimburse for continuing education through a faculty scholarship process. Similarly, to student scholarships, criteria must be established and published either in the PTA's standing rules or in a policy voted on by the membership. A committee would be appointed to select the recipients. The scholarship would allow them to take a class or attend a workshop that furthers their education. Travel expenses (mileage, airfare, hotel fees and meals) are not included.

Professional speakers can be compensated for their services. If the professional speaker is paid more than six hundred dollars (600.00), then a Form 1099-NEC is provided to them by January 31 of the following year. School district employees are not allowed to be compensated for speaking engagements by the PTA but a token donation to another 501 (c) (3) is permissible. For example, if the school district employee is a member of another 501 (c) (3), a donation to their organization would be acceptable as long as it has a common purpose with PTA. If the school district employee is not a part of another like-minded non-profit, a donation to the school library for a purchase of a book would be a great use of the funds. This same policy would apply to PTA volunteers.

A letter to the individual who spoke along with where the money went is a great way to let them know how much the PTA appreciates their time and efforts.

This money could come out of the "Programs and Parent Education" budgetary line item.

PTAs may fund employee positions, under certain restrictions. The school district would have to be willing to accept the donation, and it is imperative the PTA understand they are funding a position, not a specific individual. The PTA cannot participate in the selection of the employee or any other part of the employment process. The PTA also cannot guarantee funding for future school years, as these decisions are made annually by the membership of the PTA.


- PTAs do not donate towards teacher payroll;
- PTAs do not donate towards paying taxes;
- PTAs do not donate towards association fees for other organizations; and
- PTAs do not donate toward paying rental expenses of the school building.

If a school district is experiencing financial troubles, PTAs do not give money to them for the maintenance and operations (M and O) portion of the budget. In addition, in Article III: Basic Policies of the PTA's local bylaws, it states "that the legal responsibility to make decisions has been delegated by the people to the boards of education, state education authorities and local education authorities." Taxes, rent and payroll are legal obligations of the school district; therefore PTAs do not involve themselves financially in these areas.







 Texas PTA

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**THIS ITEM IS FOR PTA USE ONLY.**