

# Treasurer's Workshop

The Buck Stops Here

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## Workshop Objectives

- Review Treasurer's Basics
- Review Budget Process
- Review Funding Sources
- Review Financial Review Process

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## Treasurer's Basics

### Duties Of The Treasurer

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## Duties of the Treasurer

- The Definition of a Treasurer

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

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## Duties -- 1

- Review Bylaws Relating to Finance, Dues and Duties
- Attend All Meetings and Serve on the Executive Committee/Board of Directors

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## Duties -- 2

- Properly Receive, Deposit, and Disburse Funds
- Maintain Records for Financial Review
- Prepare Written Reports for General, Executive, and Board of Directors Meetings
- Chair The Budget Committee
- Prepare The Budget

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### Duties -- 3


- Pay All Authorized PTA Financial Obligations
- Forward State and National Dues to Maryland PTA
- Cooperate with Membership and Fundraising Chairs

  
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### Duties -- 4


- Attend Training Workshops at All Levels
- Retain All Receipts, Bank Statements and Cancelled Checks
- Prepare Annual Financial Report
- Maintain Treasurer's Permanent Records

  
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### Record Retention


<ul style="list-style-type: none"> <li>■ Permanently               <ul style="list-style-type: none"> <li>□ Articles of Incorporation</li> <li>□ Annual Financial Reviews</li> <li>□ Any IRS Documents</li> <li>□ Insurance Records</li> <li>□ Minutes</li> </ul> </li> <li>■ 10 Years               <ul style="list-style-type: none"> <li>□ Budgets</li> <li>□ Financial Statements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ 7 Years               <ul style="list-style-type: none"> <li>□ Cash Receipts Records</li> <li>□ Cancelled Checks</li> <li>□ Disbursement Request</li> </ul> </li> <li>■ 1 Year               <ul style="list-style-type: none"> <li>□ Deposit Slips</li> <li>□ Bank Reconciliations</li> </ul> </li> </ul>
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### Duties -- 5

- Prepare and Submit Forms
  - 990EZ, 990N(e-postcard)
  - IRS Form 1099 and 1096 submittal form
  - Charitable Solicitation Report
  - State Sales and Use Tax Forms
  - Personal Property Report
  - Insurance
- Deliver to Successor All Records

  
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## Principles & Procedures of PTA Financial Management

  
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## Principles & Procedures


- The Treasurer is the Authorized Custodian of the Funds of the PTA
- Work with an Approved Budget Only
- Use Authorized PTA Bank Accounts
  - NO DEBIT CARDS OR COUNTER CHECKS
  - NO ON-LINE BANKING
- Use Large Business Size Checks

  
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## Principles & Procedures -- 2


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

  
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## Financial Management Bookkeeping


- Simple
- Consistent
- Accurate
- Reliable
- Easily Understood

  
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## Financial Management Bookkeeping -- 2


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

  
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## Financial Management Bookkeeping -- 3


- Reconciliation of Accounts
  - Bank Statements Should Be Reconciled Immediately Upon Receipt from Bank
  - Record Any Interest Earned or Bank Service Charges in the PTA Ledger and Check Register
  - Bank Statements Should Never Be Sent to Any Members Home
  - PTA President Should Always Review the Bank Statement and Sign. They should also be a review by a non signer.

  
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## Financial Management Receipts & Deposits


- Two People Should Always Count Money and Sign a Receipt
- Issue Receipts for Money (if applicable)
- All Checks Should be Endorsed Immediately
- All Money Should be Deposited Daily
- Develop an Income Form (See Sample)

  
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## Financial Management Receipts & Deposits -- 2


- All Deposits Should Be Promptly Recorded In The PTA Ledger and Check Register
- Never Place PTA Funds In A School Safe
- Money Is Never Deposited In Personal or School Bank Accounts
- Money Is Never Kept At Any Members Home

  
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### Financial Management Disbursements


- No Blank Checks Are Ever Issued or Signed
- No Bills Or Reimbursements Are Paid In Cash
- All Authorized Bills Should Be Paid By Check
- Do Not Pay Any Bill or Reimbursement Without a Receipt or Invoice
- Develop Reimbursement Form (See Sample)

  
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### Financial Management Disbursements -- 2


- Do Not Write a Check Payable to "Cash"
- Checks Must Be Signed By Two Authorized Persons
- Authorized Signers Should Not Be Related Or Live In The Same Household
- All Disbursements Should Be Promptly Recorded in PTA Ledger and Check Register

  
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### Financial Management Reporting


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

  
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### Financial Management Reporting -- 2

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

  
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### Sample Reports

  
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### PTA is a Business

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

  
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## Budgets

  
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## Budget Development


- When
  - During Planning Period for New Officers
  - Usually Occurs During the Summer

  
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## Budget Development -- 2


- Who
  - Developed By a Budget Committee
  - Appointed or Elected
  - Usually Chaired by Treasurer
  - Includes Other PTA Leaders
  - Need Knowledge of What Has Occurred in the Past
  - Need Knowledge of Future Plans

  
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## Budget Process


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

  
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## Recommended Expenses


■ Guest Speakers	■ Postage & Stationary
■ Hospitality	■ Promotional Items
■ Insurance	■ PTA Dues
■ PTA Training	■ PTA Newsletter
■ Legislative Activity	■ PTA Office Equipment
■ Parent Workshops	■ PTA Publications
■ Volunteer Appreciation	■ Copying

  
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## Recommended Expenses


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

  
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## Cautionary Expenses


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

  
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## Budget Process


- Determine Revenue Sources
  - Membership Dues
  - Donations
  - Corporate Sponsorships
  - Grants and Awards
  - Investments
  - Advertising
  - Gaming
  - Fundraising

  
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## Budget Process


- Assure Budget Balances
  - Must have a zero balance
  - Increase revenues or decrease expenditure
  - Budget a start up amount for the next year (carryover)

  
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## Budget Process


- Obtain Approval
  - Reviewed and approved by the board of directors
  - Presented to and ratified by general membership

  
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## Budget Process


- Amend When Necessary
  - Not a brick wall
  - Only an estimate of expenses and revenues
  - Should be reviewed frequently
  - Can only be amended by the group which approved initially

  
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## Other Considerations

- 3-1 Rule – Three Non- Fundraising Projects to Each Fundraiser
- One Well Planned Annual Fundraising Project *May Be All You Need*
- Some Revenue Generators Will Require Sales Tax Collection and Reporting
- Unrelated Business Income

  
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## Review Sample Budget



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## Funding Sources



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## Membership


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



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## Donations


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



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## Donation -- 2


- New
  - A donor claiming a monetary charitable contribution deduction of any amount cannot take the income tax deduction unless he or she has a cancelled check, bank record or acknowledgement



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## Corporate Sponsorships

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



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## Grants & Awards

- Governmental
- Commercial
- National PTA
- Maryland PTA



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## Investments

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



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## Advertising

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



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## Gaming

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



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## Fundraising Types of Fundraising

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



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## Practical Consideration

- Does it adhere to the Mission and Purpose of PTA?
- Does it use or exploit children?
- Will it create goodwill for the PTA?
- Is it a recreational, social or educational activity that serves as a positive example for children and youth?
- Are there local, state or federal laws that apply?
- Will it provide the revenue to help meet our goals?
- Did the committee submit a plan of work?
- Are we required to collect and remit sales tax?
- Are special permits needed?



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## Practical Consideration Cont.

- Is the liability of the PTA protected?
- Did the president sign the contract?
- Do we have enough volunteers?
- Have procedures been established to safeguard the handling of money and products?
- What are the cost of using a facility?
- How long is the event going to be held?
- Are fire laws and safety precautions strictly observed?
- Is it accessible to people with disabilities?
- Is it an infrequent or ongoing activity?



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## Finding A Good Fundraising Fit

- Quality
- Service
- Results
- Experience
- References



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## What To Look For In An Agreement

- Review the list of agreed upon services to be sure it is clear who does what, and who pays for it.
- Check all the numbers. Be sure the percentage of profit are the same as those you agreed to verbally.
- Verify minimums, if applicable
- Are all the promotional materials such as take home brochures, display kit, sample packs, etc. listed in the contract.
- Who prepares the flyer and who has final approval.



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## What To Look For Cont.

- Look for important dates and confirm that they are consistent with you verbal agreement.
- Are there penalties/compensation if dates are not followed
- Be sure procedures for handling damaged, unsold, or out-of-stock merchandise are included.
- Make certain all appropriate signatures are included and that it is clearly an agreement between two organizations, not between individuals.



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## Legal Implications

- Product liability
- Personal injury
- Contract Issues



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## Audit/Financial Review




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## The Local PTA Financial Review


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

  
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## Types of Audits/Financial Reviews


- Review — Checking of Records
- Compilation— Review and Report on Records for the Year
- Confirmation — Review and Report on Records Based on Checking with Vendor's, Payee's Accounts
- The Compilation is the most common for PTA's, Better Know as the Financial Review

  
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## Purpose of Financial Review


- To Certify
- To Assure
- To Verify
- To Satisfy

  
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## When & Who


<ul style="list-style-type: none"> <li>■ When               <ul style="list-style-type: none"> <li>□ Annually</li> <li>□ Change of treasurer or other authorized signature holder</li> </ul> </li> <li>■ Who Can               <ul style="list-style-type: none"> <li>□ CPA</li> <li>□ Someone from your PTA</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ A financial review committee</li> <li>□ Anyone outside the PTA willing to do the review</li> <li>□ Can't—Anyone with signature authority for the financial records being reviewed</li> </ul>
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## What Should Be Provided


<ul style="list-style-type: none"> <li>■ Copy of last audit</li> <li>■ Checkbook and cancelled checks</li> <li>■ Bank statements and deposit slips</li> <li>■ Treasurer's book or ledger</li> <li>■ The annual financial report</li> </ul>	<ul style="list-style-type: none"> <li>■ Itemized statements and receipts</li> <li>■ Check Request</li> <li>■ Budget</li> <li>■ Copies of Minutes</li> <li>■ Current Bylaws</li> <li>■ Any other information</li> </ul>
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## Process for Financial Review


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

  
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### Process Detail Receipts/Income


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

  
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### Process Detail Disbursement/Expenditures


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

  
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### Common Mistakes


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

  
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### Summary Action


- The starting balance for the fiscal year should be verified from previous review
- Verify outstanding checks have been cashed for the amount reported in the previous financial review report

  
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### Summary Actions --2


- The ending balance should be verified
- Notations should be made of any checks that have not been cashed but are included in the financial review summary totals
- The approved budget and any subsequent budget amendments should be verified
- Treasurer's reports should be reviewed

  
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### Auditor/Financial Review Committee Report

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

  
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**Auditor/Financial Review Committee  
Report – 2**

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

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**Review Sample PTA Financial  
Review Report Form and Report  
Summary**

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## Forms, Forms, Forms




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## Charitable Solicitation Act

- Tied with 990, 990EZ, 990N and \$25,000.00 gross income
- Required To Register With Office of Secretary of State
- *Required To Report Annually (once initial registration is filed)*
- Required To File Certification Form With Annual Update
- Graduated Annual Fee Determined By Receipts On 990's
- Can Subtract Any Grants Claimed on Line 1 of 990's
- Due 6 months after the close of the fiscal year (Dec. 31<sup>st</sup>)




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## Charitable Solicitation Act --2

- Registration Requirements
  - Notarized Registration Statement
  - Current Copy of Articles of Incorporation or Bylaws
  - IRS Determination Letter
  - Signed copy of 990 or 990EZ, if filing a 990N need to supply COR-85
  - Names and Addresses of Board of Directors
  - All contracts with professional fundraisers




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## Incorporation

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




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## Personal Property Return

- Required Of All Incorporated PTAs
- Filed by April 15<sup>th</sup>
- Late Penalties Apply ( \$25.00 per month)
- 60 Day Extension- On-line free, paper-\$20, form AT3-71
- *Failure To File Results In Loss of Incorporation Charter*
- Provides Annual Report of Corporate Officers, Directors and Related Information
- Provides Report of Business Personal Property with Depreciation
- Provides Annual Sales for the Calendar Year




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## Insurance

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



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## IRS Forms 990/990EZ/990N

- Return of Organization Exempt From State and Federal Income Tax
  - 990 – Gross Receipts Over \$200,000.00
  - 990EZ – Gross Receipts \$50,000.00 to \$200,000.00
  - 990N – Gross Receipts Normally Less Than \$50,000.00



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## IRS Forms -- 2

- Filed By The 15<sup>th</sup> Day Of The 5<sup>th</sup> Month At The End Of The Fiscal Year (Nov. 15<sup>th</sup>)
- Fines For Late Filing (\$20.00 per day)
- Loss of Tax Exempt Status If Failure To File For 3 Consecutive Years
- Public Inspection Requirement (Fines \$20.00 per day)



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## IRS Forms -- 3

- 990EZ Return of Organization Exempt from Income Tax
  - Income Statement/Balance Sheet
  - Statement of Program Service Accomplishments
  - List of Officers and Directors for Year of Report
  - Copy of Changed Bylaws
  - Required Schedule A – Organization Exempt Under 501c 3
  - Possible filing of Schedule C & G



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## IRS Form -- 4

- 990N Return of Organization Exempt From Income Tax
  - E-postcard
  - EIN and Tax Year
  - Organization's legal name and mailing address
  - Name and address of Principal Officer – President
  - Confirmation that organization's annual gross receipts are normally \$50,000.00 or less



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## IRS Forms -- 5

- 1099 MISC – Miscellaneous Income
  - Deadline – January 31<sup>st</sup>
  - Payment of \$600.00 in the Calendar Year
  - Generally for Services, Prizes, Awards and Other Income Payments
  - Not required if Paid To A Corporation
  - Requires Form 1096 – Transmittal form for 1099 MISC due February 28<sup>th</sup>



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## Sales and Use Tax

- Sales Tax Exemption
- Final Report
- Tax on Purchases ?



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State Office  
5 Central Avenue  
Glen Burnie, MD 21061  
(410) 760-6221 · (410) 760-6223  
(800) 707-7972 · (410) 6344 Fax  
Email: [office@mdpta.org](mailto:office@mdpta.org)  
Website: [www.mdpta.org](http://www.mdpta.org)

April 30, 2014


The Following guidelines are being provided in light of the recently changed (July 1, 2013) Retail Sales and Use Tax laws allowing PTA's to be exempt from collecting and remitting of sales tax. Specifically they also speak to the use of credit card machines during a Scholastic Book Fair or similar type vendors in fundraising situations. Specifically these would apply to any similar vendor where funds are collected by non PTA companies.

1. All Cash and Check sales made payable to the Local PTA are wholly sales tax exempt.
2. Credit Card sales through a PTA Credit account or PTA owned/leased Credit Card Machine are also Tax Exempt. For example Pay Pal or Square Accounts.
3. Credit Card sales made directly through Scholastics Credit Card machines or another vendor (not PTA) are subject to a Maryland 6% sales tax and that this amount should not be included on the PTA's invoice. Taxes would be paid by the vendor collecting the funds.
4. Your units Blanket Certificate of Resale needs to be provided on request from Scholastic Books, or any similar vendor.
5. Your PTA must continue to Report "0" on your monthly or quarterly forms until the State Comptrollers Offices tells us to do otherwise. Do not close your State Sales and Tax Use Account as it is needed for the State to issue Blanket Certificates of Resale

Please keep in mind that your PTA is exempt from Collecting and Remitting Maryland Retail Sales and Use Tax on any sales benefitting your school. Every Fundraising effort you do benefits your school in some way.

## Unrelated Business Income


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



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## Unrelated Business Income

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



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## Contact Information

John Ryan  
 410-665-4450  
[treasurer@bcptacouncil.org](mailto:treasurer@bcptacouncil.org)



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