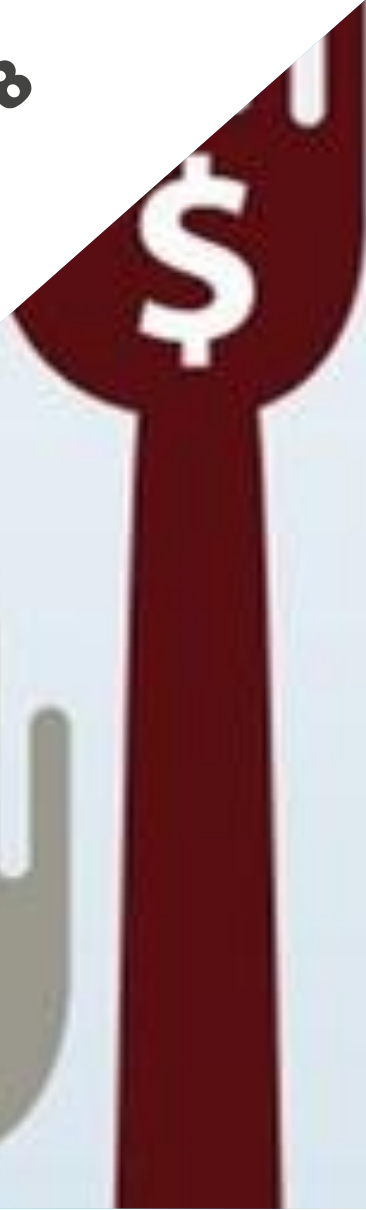



# PTA Treasurer 2017-2018

Florida PTA – April 11, 2018




# FIRST THINGS TO DO WHEN YOU BECOME PTA TREASURER

## Part 1 of 2

1. Create or update the **Treasurer's Procedure Book**.
  2. Obtain list of the **five Florida PTA Compliance Requirements** and Standards of Affiliation, listing dues dates, and place that list at the front of the procedure book.
  3. Include list of **County Council Compliance Requirements** and due dates.
  4. Include a copy of the approved **bylaws** in your procedure book. Call Florida PTA for a copy if you cannot locate the bylaws.
  5. Review **Treasurer's duties** outlined in your *Bylaws*, and *Standing Rules* (if your PTA has created Standing Rules).
  6. Locate original copy of the **PTA Audit** conducted as of June 30.
  7. If an audit has not been conducted yet, it is the responsibility of the current board to appoint a committee to complete the audit before the books are given to the new Treasurer. Both incoming and outgoing Treasurers must **sign the audit before the PTA begins writing checks** in the new school year.
  8. Update **the three signatories on the PTA bank account** as soon as the audit is completed.
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# FIRST THINGS TO DO WHEN YOU BECOME PTA TREASURER

## Part 2 of 2


9. Locate copy of the final Treasurer's Report that was presented at the last General Membership Meeting at the end of the school year.
  10. Has the annual IRS 990 informational tax return been filed? Get copies of previously filed 990s.
  11. If the current 990 has not been filed with the IRS, it is the new board's responsibility to file it.
  12. E-Commerce: Remove or change all previous log-ins, users and passwords at bank and online.
  13. If Debit or Credit Cards were in use by the previous board, make sure all cards are turned in and cancelled.
  14. Schedule Budget Committee meeting to develop a Plan of Work / Budget for the upcoming school year.
  15. Review your unit's insurance policy and renewal date.
  16. Arrange and ensure proper training for board members who will handle PTA funds. This information should be included in the Standing Rules.
  17. Review resources: Your Local unit bylaws, *Florida PTA Kit of Materials, Section 3 - Dollar\$ and \$en\$e* and the Finance Section of the *National PTA Back to School Kit* from National PTA.
- 

# ESTABLISH INTERNAL CONTROLS

- Establish sound **internal financial controls** based on the *Florida PTA Kit of Materials* and the *Finance Section of the Back to School Kit* from National PTA and your local unit PTA bylaws.
- Internal controls provide reasonable assurance of reliable financial reporting, the effectiveness and efficiency of your operations, and compliance with applicable IRS, Federal & State laws and regulations and PTA best practices.
- **Establish Standing Rules**, created and approved by the Board of Directors, to include financial controls and best practices to handle PTA funds. (These are individual to each unit.)


# BASIC INTERNAL CONTROLS AND BEST PRACTICES FOR THE TREASURER - PAGE 1 OF 3

## *SIGNATURES ON CHECKS*

- Three signatories are required on the PTA bank account is required. PTA officers authorized to sign checks and handle PTA funds should not be of the same household, related by marriage or any other relationship.
  - Two signatures are required on every PTA check written. Pay every bill, no matter how small, by a dual-signed check. The individual receiving the payment cannot sign their own check.
  - NEVER give anyone a pre-signed blank check or write a check made payable to “CASH”.
- 

# BASIC INTERNAL CONTROLS AND BEST PRACTICES FOR THE TREASURER - PAGE 2 OF 3

## *DEPOSITS*

- Upon receipt, deposit money promptly in the bank. After an event or fundraiser, do not hold PTA funds overnight.
  - Count money received with the committee chair or board member presenting it.
  - At least two people are required to count money for all deposits.
  - Keep copies of the cash receipt vouchers/cash count sheets and ALL deposit slips.
  - Make separate deposits for each budgeted income line item. Do not mix a deposit for membership dues with income from a fundraiser.
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# BASIC INTERNAL CONTROLS AND GUIDELINES FOR THE TREASURER - PAGE 3 OF 3

## *RECEIPTS, RECEIPTS, RECEIPTS!!!*

- Issue **receipts** for all cash received.
- Require **original receipts**, attached to a PTA check request form, for individual expense reimbursements
- Use a **Cash Receipt Voucher**, a PTA Deposit Form and/or a **Cash Count worksheet** when counting money for deposit.
- For all deposits, keep a copy of the **deposit receipt** given by the bank and a copy of the deposit slip you prepared.

# IMPORTANT

## FIVE COMPLIANCE REQUIREMENTS AND DUE DATES

1. OFFICERS INFORMATION: Local Unit New & Returning Officer Contact Information. Entered online only. **Due to FPTA: July 1**
2. MEMBERSHIP DUES :(State & National Portion): **Due to FPTA: Make payment monthly as memberships are sold. (\$3.50 per member)**
3. ANNUAL AUDIT: as of June 30 annually. **Copy Due to FPTA: September 30**
4. File IRS 990: Due to IRS by Nov 15<sup>th</sup> annually. **Complete Copy/Proof of filing due to FPTA: Nov. 30**
5. BYLAWS : Must be reviewed, updated on current form and **APPROVED by Florida PTA State Office at a minimum of every 3 years.**




# MEMBERSHIP DUES INFORMATION

According to local unit bylaws, Article V: Members and Dues

1. **MEMBERSHIP YEAR:** For the purpose of annual enrollment the membership year shall be July 1 through June 30.
2. **MEMBER BENEFIT:** The membership card shall be valid upon payment of dues through September 30 of the following membership year. (Mainly for voting purposes.)
3. **AWARDS:** For Florida PTA award purposes, the membership year shall be July 1st through May 1st each fiscal year.
4. **DUES PAYMENTS:** Membership dues (\$3.50 per member) are to be sent monthly, as collected, to the state office. The dues remittance form is available online on the website [www.floridapta.org](http://www.floridapta.org)

## WHEN TO CONDUCT AN AUDIT

- Annually at the end of the fiscal year, as required by the bylaws.
    - The Fiscal Year Is: July 1 to June 30
  - Every time a Treasurer resigns and/or when a new Treasurer is elected. The new Treasurer should not begin writing checks until reviewing and signing an audit report completed and signed by the appointed committee.
  - When PTA funds are suspected to be missing. Please protect the children's money.
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# ANNUAL PTA AUDIT

## Purpose of Annual PTA Audit:

The purpose of the annual audit or financial review is to certify the accuracy of the books and records of the financial officer and to assure the membership that the association's resources/funds are being managed in a businesslike manner within the regulations established for their use.

## Appoint an Audit Committee:

The Executive Board shall select an audit committee of three members or hire an accountant or professional auditor annually, according to the Local Unit Bylaws, Article VII, Section 5.

Audit Committee is made up of three members who have not handled PTA funds during the period of the audit.

The PTA/PTSA Treasurer shall submit to the auditor(s) all financial records and forms listed on the Florida PTA audit form as soon as the bank statement is available after the end of the fiscal period, June 30, each year.

## Audit Compliance Requirements:

The completed audit must be presented by the Treasurer and adopted by the members at the first general membership meeting .

To remain in good standing, PTAs are required to email or mail a completed and signed COPY of the Audit/Financial Review to Florida PTA by September 30 annually.

# PURPOSE OF THE ANNUAL AUDIT

To certify the accuracy of the PTA books and records of the Treasurer

To reconcile the check book balance with the bank statement balance.

To assure the membership that the association's resources/funds are being managed according to best practices of the National PTA and the Florida PTA and IRS 501(c)(3) guidelines.

To meet audit compliance requirements as stated in the local unit bylaws. Article VII, Section 5

To remain in good standing. PTAs are required to email, FAX, or mail a completed and signed copy of their audit report to Florida PTA by September 30 annually.

IRS / Florida PTA Compliance Requirement:

- Each local Unit PTA is a subordinate on the Florida PTA 501(c)(3) Group Exemption list. Accordingly, the IRS requires Florida PTA to have a copy of the annual audit report for each local unit on file.

# PREPARING FOR THE AUDIT – USE CHECKLIST

**USE THE CHECKLIST ON PAGE 1 OF THE TWO-PAGE AUDIT FORM.  
ARRANGE PTA DOCUMENTS AND RECORDS IN THE ORDER OF THE CHECKLIST.**

All Bank Statements

All Deposit Receipts

All Cash Verification Forms and receipts

All Check Request forms with receipts/ bills  
attached

Treasurer's reports from all PTA/PTSA meetings  
including final general membership Annual  
Meeting

Copy of Final Approved budget and all  
amendments (approved by the members)

Copies of all board, executive committee and  
association meeting minutes (From  
Secretary's Procedure Book)

Current copy of approved local unit bylaws

Treasurer's Ledger Book (also referred to as a  
cash book)

A copy of "Annual Financial Review (PTA Audit)"  
from Florida PTA Kit of Materials, Section 3,  
Dollars and Sense

Checkbook and Checkbook Register

Cancelled checks

Receipts of bills paid or itemized statements

Copy of last annual audit report, (as of June 30  
previous year)

If any were conducted, copies of any interim audits  
that were conducted during the year

Filed copy of IRS Form 990, 990EZ or 990N (e-  
Postcard) confirmation Email from previous  
tax year.

# FILING IRS FORM 990

## DUE TO IRS ON NOVEMBER 15 ANNUALLY

Your IRS *Form 990* tax return or an extension request, IRS *Form 8868*, must be filed with the IRS no later than this due date: November 15, 2017 (the 15th day of the fifth month after the end of the fiscal year-end).

In Florida, each PTA's/PTSA's fiscal year ends on June 30, therefore, your Federal Internal Revenue Service (IRS) *Form 990* tax return (or extension) is due this year on or before midnight November 15, 2017. You can file the IRS 990 as soon as your PTA annual audit / financial review is completed after July 1, 2017, and gross receipts/income is determined.

Failure to file an IRS *Form 990* tax return in one year will result in a penalty. Failure to file a *Form 990* tax return for 3 consecutive years will result in revocation, the automatic loss of your IRS tax exempt status. Even if you file the tax return late in the 3rd year, your status will automatically be revoked at midnight on the due date of the return (November 15th).

# FILING THRESHOLDS FOR IRS 990

<b>990 Filing Requirements</b>	
<b>Form to File</b>	<b>If your PTA's gross receipts are:</b>
<b>990N</b>	Normally equal to or less than \$50,000
<b>990EZ</b>	Equal to or more than \$50,000 and less than \$200,000 and total assets are less than \$500,000
<b>990</b>	Equal to or more than \$200,000 or more and total assets are equal to or more than \$500,000

# IMPORTANT FLORIDA PTA COMPLIANCE REQUIREMENT FOR ANNUAL IRS 990

Immediately upon filing your 2017 IRS *Form 990*, or the *IRS Form 8868* extension request, you are required to forward a complete copy to the Florida PTA State Office.

990EZ: If gross receipts are greater than \$50,000, file *IRS Form 990EZ* or if greater than \$200,000 file *IRS Form 990 (long form)* forward a complete, signed and dated, copy, including all schedules, to the Florida PTA State Office by November 30, 2018

990N: If income / gross receipts are normally less than \$50,000, and you file *990-N (e-Postcard)*, immediately upon filing acceptance, you are required to forward the IRS proof of filing receipt showing “accepted” status to the Florida PTA

Email copy to: [990@floridapta.org](mailto:990@floridapta.org) or FAX to: 407-240-9577 (be sure to write your PTA’s name/county on the form before forwarding).



# INSURANCE OVERVIEW

## WHY IT IS IMPORTANT TO HAVE PTA INSURANCE.

General Liability: Protects your PTA if someone gets injured at one of your events and holds the PTA responsible. Some of these activities include, but are not limited to, concession stands, end of year parties, swim parties, bounce houses, dunking booths, fun runs, auctions, etc.

Accident Medical: Designed to “compliment” your General Liability insurance, it provides medical coverage for risks that are specifically excluded from the liability policy such as, but not limited to, mechanical rides, school buses, automobiles and watercraft.

Bond: Covers anyone that your PTA trusts with money whether it’s an officer, board member, volunteer or “courier”. If a person embezzles your money, this policy could replace those missing funds.

Property: Protects your “raffle/auction” merchandise, fundraising supplies while it’s in your possession. This policy protects any personal property of your PTA such as popcorn machine, snow cone makers, school store supplies, emergency preparedness supplies, etc.

Directors & Officers Liability: Protects officers for any decision making that they do. If someone sues the officers for mismanaging or misrepresenting the PTA, this policy would pay legal bills and provide protection for these allegations.

## FUNDRAISING FOR PTA “CHARITABLE CLASS” – NOT INDIVIDUALS

IRS regulations governing 501(c)(3) charitable organizations, like PTA units, are quite clear when it comes to using moneys collected to benefit specific individuals. The group of individuals that may properly receive assistance from a charitable association is called the “charitable class”.

Local unit PTA Bylaws, Article III – Purposes, defines the “charitable class” – Those who may properly receive assistance from your 501(c)(3) Federal Tax-Exempt Association. (Matching Missions to PTA)

# HELPING INDIVIDUALS OR GROUPS OUTSIDE OF THE PTA CHARITABLE CLASS

There are many schools that have a family or child in need that they would like to donate funds to. In this case, take your fundraising expertise outside of the PTA to ensure that your PTA works within its purpose.

PTA members volunteer their time and efforts to further the goals that the PTA stands for. They have a strong sense of commitment to the community and those in it.

**No matter how well intended it might be, however, as a 501(c)(3) IRS tax-exempt charitable organization, PTA funds cannot be used to benefit specific individuals or their families.**

If your community would like to collect funds to assist an individual, their families, or others outside of the PTA “charitable class”, the organization efforts must be conducted outside of the PTA, and any checks collected must be made payable to that individual and cannot be deposited into the PTA account.

When donations are made payable to the PTA, the monies become PTA funds, and, distribution of those funds to such individuals would be prohibited by IRS regulations.

# **“CHARITABLE CLASS” DEFINED IN LOCAL UNIT BYLAWS**

## **#ARTICLE III: PURPOSES**

**Section 1. Objectives.** The purpose or purposes (Objects) which the Association will hereafter pursue are:

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

**Section 2.** The purposes of the PTA are promoted through an advocacy and educational program directed toward parents, teachers, and the general public; developed through conferences, committees, projects, and programs; and governed and qualified by the basic policies set forth in Article IV

**Section 3.** The association is organized exclusively for the charitable, scientific, literary, or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code (hereinafter referred to as “Internal Revenue 36 Code”).

# GIFT CARDS, GIFT CERTIFICATES AND PRE-PAID CARDS

The use of gift cards, gift certificates, and pre-paid cards for any purposes is discouraged due to IRS regulations and accounting control issues. The custom of giving purchased gift cards to members, volunteers, teachers, and students should be discontinued. The IRS issued an opinion that gift cards, prepaid cards, gift certificates, and gift coupons which have a face value on them, are considered CASH equivalents.

Here is the rationale, distributing gift cards and certificates to individuals violates PTA bylaws with regard to individual member benefit. This bylaws wording is mandatory, as it is an IRS requirement for nonprofit classification as a 501(c)(3). Using gift cards as incentives (this applies to door prizes, thank you gifts, etc.) could be considered as compensation by the IRS. Once you have given compensation to a volunteer, you have made them a compensated employee.

It doesn't matter what you call them it comes down to the substance of the transaction. As a volunteer, they would most likely fall into the category of "employee" rather than "independent contractor," so, if they receive a gift card, the PTA would be required to issue a W2 and take out appropriate withholding. The amount of the gift card is not a factor when required to issue a W2.

# GIFT CARDS AND EXCESS BENEFITS TO VOLUNTEERS

The bottom line is that gift cards are the same as cash. All PTA rules and requirements dealing with the receipt and disbursement of cash apply.

The IRS also has extensive guidelines for 501(c)(3) tax-exempt charities with regard to paying excess benefits to volunteers in IRC Sec. 4958. **The IRS will impose excise tax on the nonprofit for excess benefit transactions between the tax exempt organization and a "disqualified person".**

According to the IRS, a **disqualified person** is any person who is in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization. It is not necessary that the person actually exercise substantial influence only that the person be in a position to do so.

Here is the link to Section 4958 of the Internal Revenue Code which details excise tax and defines "disqualified person".

<https://www.irs.gov/charities-non-profits/charitable-organizations/intermediate-sanctions>

## ESTABLISH CONTROLS FOR DONATED GIFT CARDS.

The IRS does not distinguish whether an organization purchases gift cards/certificates or if they were donated by a sponsor, to the IRS, it is the same.

The only times that a donated gift card can be used:

- (a) in a silent auction or raffle (See *Raffles and Games of Chance* – Page 34)
- (b) if the organization uses the donated gift card to purchase items that benefit the organization; not individuals.

One example would be to use a donated gift card from Office Depot to purchase supplies to be consumed by the PTA officers or committee chairs. Another example would be to use a donated gift card from a supermarket or restaurant to purchase refreshments for a membership meeting or hospitality for a PTA program for the students.

When gift cards are donated to the PTA, appropriate, accounting controls must be in place for distribution. Since having gifts cards on hand is the equivalent of having cash on hand. Following are recommended controls and procedures for the distribution and use of gift cards, gift certificates, pre-paid cards:

1. Keep a log of all donated gift cards, gift certificates and prepaid cards, including the donor name, the date of receipt, and the value.
2. When gift cards are used, a disbursement voucher should be completed with receipt(s) attached for the for the audit committee to verify that funds were spent appropriately.
3. The gift card log and receipts should be filed in the Treasurer's books for the audit.

# FLORIDA DEPARTMENT OF EDUCATION

## RAFFLE GUIDELINES FOR SCHOOLS

The Florida Department of Education “**Florida Red Book**” for schools states that raffles conducted by a charitable, nonprofit organization exempt from federal income tax may conduct raffles or drawing by chance in the name of the **school but the raffle may not be conducted on school property**. Following is the complete verbiage from the Florida Red Book, Chapter 8, 4.4 - COOPERATIVE ACTIVITIES:

*“The **district superintendent acts as the custodian of all school property** pursuant to section 1001.51(4), F.S., and may delegate responsibilities to the school principal. The principal shall control the fundraising activities conducted in the name of the school and ensure that the purposes are worthwhile.*”

***Raffles and other activities of chance shall not be conducted by the school or on school property, including raffles conducted by charitable, nonprofit organizations leasing school property. Encouraging or permitting minors to participate in games of chance by playing or betting money or other valuable things is prohibited pursuant to section 849.04, F.S. Only a charitable, nonprofit organization exempt from federal income taxation pursuant to the Internal Revenue Code may conduct raffles or drawings by chance in the name of the school if the organization complies with all applicable provisions of chapter 496, F.S., and section 849.0935, F.S., and the raffle is not conducted on school property.”***



# FLORIDA STATUTE 849.0935

## REQUIREMENTS TO CONDUCT A DRAWING OR RAFFLE

*(See Florida Statute Section 849.0935)*

### REQUIREMENTS TO CONDUCT A DRAWING OR RAFFLE

Raffles cannot be conducted on school district property.

You must conspicuously disclose all of the following information:

- The rules governing the conduct and operation of the drawing.
- The full name of the organization, and its principal place of business. (the complete name of your PTA as shown on the charter and the address of the school.)
- The source of the funds used to award cash prizes or to purchase prizes.
- The date, hour, and place where the winner will be chosen and the prizes will be awarded, unless the brochures, advertisements, notices, tickets, or entry blanks are not offered to the public more than 3 days prior to the drawing.
- That no purchase or contribution is necessary.

# UNRELATED BUSINESS INCOME (UBI)

501(c)(3) Tax-exempt status means that the PTA does not pay federal income tax on revenue from activities that are substantially related to the purpose for which the PTA was given exempt status. However, the PTA may be required to pay tax on other types of revenue referred to as unrelated business income (UBI). The net income from such activities will be subject to UBI tax if these three conditions are met:

- The activity constitutes a trade or business.
- The trade or business is regularly carried on.
- The trade or business is not substantially related to the exercise or the performance of the organization's exempt purpose.

Note: Trade or business includes any activity carried on for the production of income from selling goods or performing services.

The income from most PTA fundraising activities is exempt from federal income taxes and not considered UBI because:

- The activities are conducted only once per year.  
At least 85% of the work for the activities is conducted by volunteers. (work substantially conducted by PTA volunteers)
- The activities consist of selling donated merchandise (e.g., a silent or live auction of donated merchandise).

## UBI Exceptions:

The main exception to the activity being considered UBI is when the activity is conducted substantially by PTA volunteers, if at least 85% of the work of the activity is conducted by PTA volunteers. Examples of this would be if PTA volunteers run a PTA store or volunteers count and submit box tops. Also the income from sales of donated merchandise (such as used uniforms) is exempt from federal income tax.

# FILING IRS 990-T & PAYING INCOME TAX ON UBI

We've had units that reported UBI for a retailer that provided funds to the unit when patrons used their businesses credit cards.

Then another reported UBI due to the number or restaurant nights and yet another that did not need to report UBI because the restaurant had the PTA file a W-9 and the proceeds were classified as a donation to the PTA (not subject to UBI) verses earned income payment (which would be considered UBI). *Genius moment!*

Contact the Florida PTA State Office if you need assistance in determining if an activity would be subject to UBI tax.

## FILING IRS 990-T:

The law requires nonprofits to report UBI -unrelated business income - when gross receipts are at least \$1,000 collectively by filling IRS form 990-T and pay taxes on such income. Nonprofits also risk losing their tax-exempt status if such activities become the primary focus and make the tax-exempt mission secondary.