

Treasurer's Workshop

Treasurer's Duties

1. Custodian of funds of the association.
2. Keep books of account and records including bank statements, receipts, budgets, invoices, paid receipts and canceled checks.
3. Make disbursements as authorized by the approved budget.
4. Sign on all bank accounts (One of three authorized signatures).
5. Present financial reports at all regular and executive meetings.
6. Present a preliminary annual report at the annual meeting.
7. Submit all books and records to the audit committee for review as requested.
8. Present proposed budget for new year and all budget amendments as needed throughout the year.
9. Forward state and national portion of dues to the state office on a regular basis.
10. Prepare all required sales tax returns and submit in a timely manner.
11. Prepare an annual report upon the close of the fiscal year and prepare the appropriate IRS Form 990.

Financial Controls

1. All officers and chairmen who handle PTA funds should be bonded.
2. Two people should always count money.
3. Issue receipts when money changes hands. All counters (at least two) and the Treasurer should retain a copy of the signed receipt form.
4. All bills should be paid by check, never cash.
5. Never sign a blank check.
6. All PTA moneys and checks received should be deposited promptly in the PTA account. Never hold cash overnight. PTA money should never be deposited in a personal or school account.
7. Personal or school money should never be deposited in the PTA account.
8. Funds of another organization should never be deposited in the PTA account.
9. A vendor's invoice or a voucher should be submitted for each check written.
10. Reconcile bank statements monthly. A non-signer on the account should receive and review the statement prior to giving it to the treasurer for reconciliation.
11. Keep a running cash balance in the checkbook.
12. Two signatures should be required on all checks.
13. Never write a check unless an approved budget authorizes the expenditure.
14. It is good fiscal management to have excess funds in an account that will draw interest until such time as the funds will be used.
15. There is no recommended amount to carryover to the next year. This needs to be determined by your PTA, taking into account the anticipated expenses prior to the first fundraiser.
16. PTA records can be maintained on computer or on a manual system, as the treasurer prefers. Procedures should be in place to make sure the necessary records are retained for the appropriate time whether on computer reports or bound ledger books.

Budgets

Developing the Budget

1. A committee usually has the responsibility for developing a proposed budget for the PTA. This committee may be elected or appointed according to the Local PTA's bylaws or standing rules and usually consists of three to five members including the treasurer, who may act as chairman.

2. The committee should determine the projected financial requirements, taking into consideration the funds needed.
3. The budget should include the estimated Local portion of dues, as well as estimated proceeds from each approved fund-raiser. Sales should be stated at the gross amount before any cost of sales is deducted. All expense categories should be estimated and included in the budget.
4. Without an approved budget, there is no authorization to expend funds or to conduct fund-raisers. Any funds spent without proper approval would have to be repaid to the association if the membership did not retroactively approve the expenditure.
5. The budget should be adopted at the final meeting of the current year. Then at the first regular meeting of the new year, the treasurer should present an amendment to the budget to add, change, or delete any line items based upon the plans of work submitted to the new board.
6. After the budget has been adopted, it serves as the financial guide for the fiscal year.

Approving the Budget

1. After the budget has been drafted, it should be presented by the chairman to the PTA executive board for consideration and then to the PTA membership for approval.
2. A majority vote of the members present and voting is required for adoption. The budget is presented item by item to allow for discussion and amendment of each section.

Amending the Budget

1. Once the budget is adopted, it may be amended at any time.
2. The treasurer is responsible for moving the adoption of any necessary budget amendments. However, any member may make a motion to amend the budget at any meeting.

Financial Forms and Reports

A ledger book showing all income and expenditures should be maintained with supporting receipts. A ledger sheet for each budget category should be kept to reflect expenditures. The checkbook must be kept balanced and the bank statement must be reconciled to the checkbook monthly. The records should be maintained per the Records Retention Policy.

Depositing Funds

1. Use itemized receipt forms. All counters (at least two) and the Treasurer should retain a copy of the signed receipt form.
2. PTA monies should be deposited in a banking institution that will return canceled checks or copies and has been approved by the executive board of the association.
3. This account is in the name of the Local PTA and checks should be printed with the school address if the PTA is affiliated with a school.
4. PTAs are required to provide the bank with an Employer Identification Number (EIN) for checking and savings accounts.
5. All money should be deposited in the bank on a daily basis for all fund raising and membership dues-collecting events.
6. All monies collected should be turned over to the treasurer immediately.

Vouchers

A PTA may use a general voucher system for its expenditures where a receipt is not available. A general voucher is written documentation for an expenditure. Checks are then written for the purposes authorized by the voucher.

Disbursements

1. Your Local PTA bylaws require that two people, usually the president and the treasurer sign checks, with three signatures on the signature card filed with the bank. The third person may be another officer such as the first vice president, and should be designated in the

bylaws, standing rules or designated in the minutes of the organization. The Secretary should not be a signer on the account.

2. If a person is designated an authorized signer on the account(s) and is also the payee, he should not sign the check.
3. Gift cards are the same as cash; there is no documentation itemizing what PTA funds have purchased. These could easily be considered of benefit to a member or individual.

Treasurer's Written Report

The bylaws provide that the treasurer report to the association, at regular meetings, executive board meetings and other times when requested by the executive board. Reports must be given at every meeting for all accounts, not just the general account. This written report should indicate the period of the fiscal year the report covers, the date it was prepared and by whom.

- Start with the balance on hand at the beginning of the year, month or last meeting.
- 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 should be distributed to the members in attendance when possible. This report should not be adopted, but filed. They should be referred to the Audit Committee during the auditing process. The treasurer should retain a copy of the report and another copy should be placed in the minutes.

Annual Report

At the close of the PTA's fiscal year, the treasurer shall prepare an annual financial report covering the PTA's entire fiscal year. The annual report should look just like the annual budget, but with year-end actual figures. It should be presented in a format comparing actual figures to the approved budget as amended. The annual report should be retained permanently.

Taxes

There are two taxing authorities that are of concern to the PTA. They are the **Internal Revenue Service (IRS)** and the **State of Texas**. These tax collection agencies are totally separate entities. It is the responsibility of each Local PTA's officers to learn and fulfill the obligations of the PTA to these taxing authorities.

Internal Revenue Service

In a ruling dated Sept. 14, 1967, the Internal Revenue Service held that Texas PTA and its Local PTAs are exempt from federal income tax under the provision of Section 501(C)(3) of the Internal Revenue Code.

Form 990

1. All PTAs must file a 990. Which 990 your PTA should file is based upon gross income (income before expenses). The IRS is required to revoke the non-profit status of any organization failing to file for three (3) consecutive years. The President should sign the 990/990-EZ or be listed as the principal officer on the 990-N.
 - Gross income \$25,000 or less = 990-N E-Postcard (can only be filed electronically)
 - Gross income more than \$25,000 but less than \$100,000 = 990-EZ & Schedule A
 - Gross income \$100,000 or more = 990 & Schedule A (Texas PTA recommends the PTA hire a professional to do this return for the PTA, this requires membership approval)
2. The IRS filing deadlines for Form 990, 990-EZ and 990-N E-Postcard are the 15th day of the 5th month (four and one half months) following the end of your PTA's fiscal year. This is determined in the Local or Council PTA bylaws (i.e., fiscal year is June 1 to May 31; the return is due by Oct. 15).

3. The Form 990, 990-EZ, and 990-N E-Postcard are informational returns only. No tax will be due if filed timely and accurately. The last 3 years' returns are required to be available for public inspection upon request or copies will be mailed for a nominal copying and postage fee.
4. If you are assessed penalties for failure to file, contact the Texas PTA Office for assistance prior to paying.

Form SS-4

1. Each Local and Council PTA must have a nine-digit tax identification number, known as an Employer Identification Number, EIN or federal ID number, issued by the IRS.
2. This number is applied for by filing IRS Form SS-4. This number should be part of the permanent records of the Local and Council PTA and should also be kept on file in the Texas PTA Office.
3. The EIN should be used for all checking account(s), savings account(s) and certificates of deposit(s) of the Local or Council PTA. The number also will be required when filing a Form 990 or applying for a State of Texas sales tax permit.
4. If you do not know your EIN or have reason to believe you have not been assigned a number, contact the IRS. They will confirm whether or not you have an EIN. The IRS may be contacted at IRS-Austin Service Center, Austin, Texas 73301 or call 1-800-829-1040.

Form 1099-Misc

1. All PTAs are required to file Form 1099-MISC with the IRS if they pay an individual or unincorporated business \$600 or more during a **calendar year** for services rendered.
2. The Form 1099 is not required for scholarship recipients regardless of the amount paid. Recipients should, however, be made aware that if not all of the funds received were spent on tuition and required school expenses; they are required to report the excess as miscellaneous income on their personal return.

State Of Texas Sales Tax

1. PTAs should first determine if they are the seller, or if they are acting as an agent for the vendor. The PTA is the seller if they purchase inventory from the vendor AND determine the selling price. Sales cannot be tax-free unless the PTA is the seller. PTAs should discuss sales tax with their vendors.
2. PTAs are allowed **TWO** (24 consecutive hours) days per calendar year (January-December) when the PTA is the determined seller and not acting as an agent for a vendor.
3. It must be designated as such prior to the event. The designation should be reflected in the minutes (either executive board or regular meeting) of the association.
4. If a PTA is selling taxable items during some other period in the calendar year, it must **COLLECT** and **REMIT** the sales taxes to the Comptroller's office and is required to have a sales tax permit.
5. The 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:
 - The PTA is the determined seller and is not acting as an agent for a vendor;
 - All orders must be submitted by the PTA to the supplier on **one** day;
 - All merchandise must be delivered to the PTA by the supplier on **one** day (need not be the same day as in item 1);
 - The merchandise must be delivered to the purchaser(s) over a reasonable period of time.
6. A PTA purchasing taxable items for resale must obtain a sales tax permit and issue a resale certificate to the seller in lieu of paying sales tax.
7. 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.

8. At least two copies should be made of the permit. One should be filed with the treasurer's records. The other should be given to the fund-raising chairman or coordinator and displayed during the activity.
9. There is no fee for the permit. When your permit is issued, you will be assigned a reporting period.
10. Refer to the *Texas PTA Treasurer's Guide* for a sample of a completed permit application form, blank form and instructions for your use.
11. When PTA is not the determined seller and is acting as an agent for the vendor, sales tax should be collected and then remitted to the vendor for them to report and remit to the State Comptroller's Office. This is not listed as sales for the PTA on their sales tax return.
12. A sales tax permit is required if a PTA sells tangible items, such as handicrafts, candles, T-shirts, cups, books and school supplies other than at the tax-free days.
13. 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.
14. The Texas PTA and its affiliates are exempt from the state portion of the hotel occupancy tax, but are required to pay the Local portion of hotel occupancy tax.
15. PTA cannot act as a conduit to circumvent the collection of sales tax on a sale that in no way is benefiting the PTA.
16. It is recommended that you establish a policy in your standing rules stating sales tax will not be reimbursed.
17. Sales tax returns must be postmarked by the 20th of the month following the reporting period. The president should sign the sales tax return. The following items are not subject to sales tax:
 - All PTA food sales made at a PTA fund-raising event are exempt from sales tax unless the PTA is in direct competition with a retailer required to collect sales tax.
 - 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.
18. Tax-exempt numbers do not exist. Exemption certification forms do not require a number to be valid. The resale certificate does require the PTA's Employer Identification Number (EIN).

Sales Tax Status

Every outgoing treasurer should prepare a report to leave with the incoming treasurer detailing any outstanding tax liability. The following example includes all the information the new treasurer would need from their predecessor in order to complete the annual sales tax return.

Fund-raisers Held from January 1 to May 31, 2007					
		Total	Taxable	Tax	
Date(s)	Event	Sales	Sales	Collected	Designation
2/18/07	Sweatshirts	\$ 5,417.00	\$0.00	\$0.00	2/18 Tax free
04/15/01	Carnival	\$ 8,330.00	\$ 895.00	\$ 73.84	
All semester	School Supplies	\$ 2,220.00	\$2,220.00	\$ 183.15	
Totals		\$15,967.00	\$3,115.00	\$ 256.99	

Gifts to Schools/Contracts

1. Budget requirements. "Gifts to school" not sufficient authorization.
2. Money or gift? Money should never be turned over to the school or principal to spend at their discretion.
3. Documentation and agreements. See sample forms for the appropriate way to make a cash contribution to the school for a designated purpose or when donating equipment or other tangible items.
4. The President is the authorized signer on all contracts. All contracts should be approved by the Executive Board and this approval should be reflected in the minutes. When signing a contract, always indicate the title of the signer so that the organization is held responsible instead of the individual.

Liability Insurance Coverage

1. Operating a PTA is much like running a small business. Businesses need insurance to protect their investment; the same is true for PTA.
2. The Texas PTA strongly encourages PTAs to obtain adequate insurance protection against liability and financial loss due to fraud, embezzlement, or dishonest acts.
3. In this regard, the Texas PTA negotiated a group discount with Association Insurance Management (AIM) (1-800-876-4044) so PTAs could obtain insurance coverage at affordable prices. Similar coverage may be obtained from any insurance company, Locally or otherwise.
4. At a minimum, PTAs should consider General Liability coverage when there are projects or activities that may result in potential hazard for PTA members, school children or other third parties.
5. Other coverage may also be obtained for Officers and Director's coverage, Fidelity Bond and Asset coverage.
6. A requirement for bond coverage is for a non-signer to open the bank statements, initial them and date them. They should check the statements for checks appearing in non-sequential order, checks made out to cash, checks written to non-approved vendors, checks written for non-approved expenses, missing check number, ATM/electronic banking debits, or checks made out to an individual for an even dollar amount. Any of these should prompt further investigation.

Audits

1. To certify the accuracy of the books and records of the PTA and to assure the membership that the association's resources/funds are being managed in a business-like manner.
2. Auditing involves following financial transactions through the records to be sure that receipts have been properly accounted for and expenditures made as authorized in the budget, as approved by the general membership, and in conformity with PTA bylaws and standing rules. The audit must review all accounts of the PTA.
3. An Audit committee consisting of not less than three members, who are not authorized signers, shall be appointed by the president subject the approval of the executive board at least 30 days before the last meeting of the year ("Suggested Bylaws for Local PTAs," *Article XV: Fiscal year, Section 2).
4. No one who is an authorized check signer on any bank account may serve on the committee. It is recommended that the incoming treasurer should not be eligible to serve on the committee.
5. When an audit is performed:
 - At the end of the fiscal year.
 - 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.

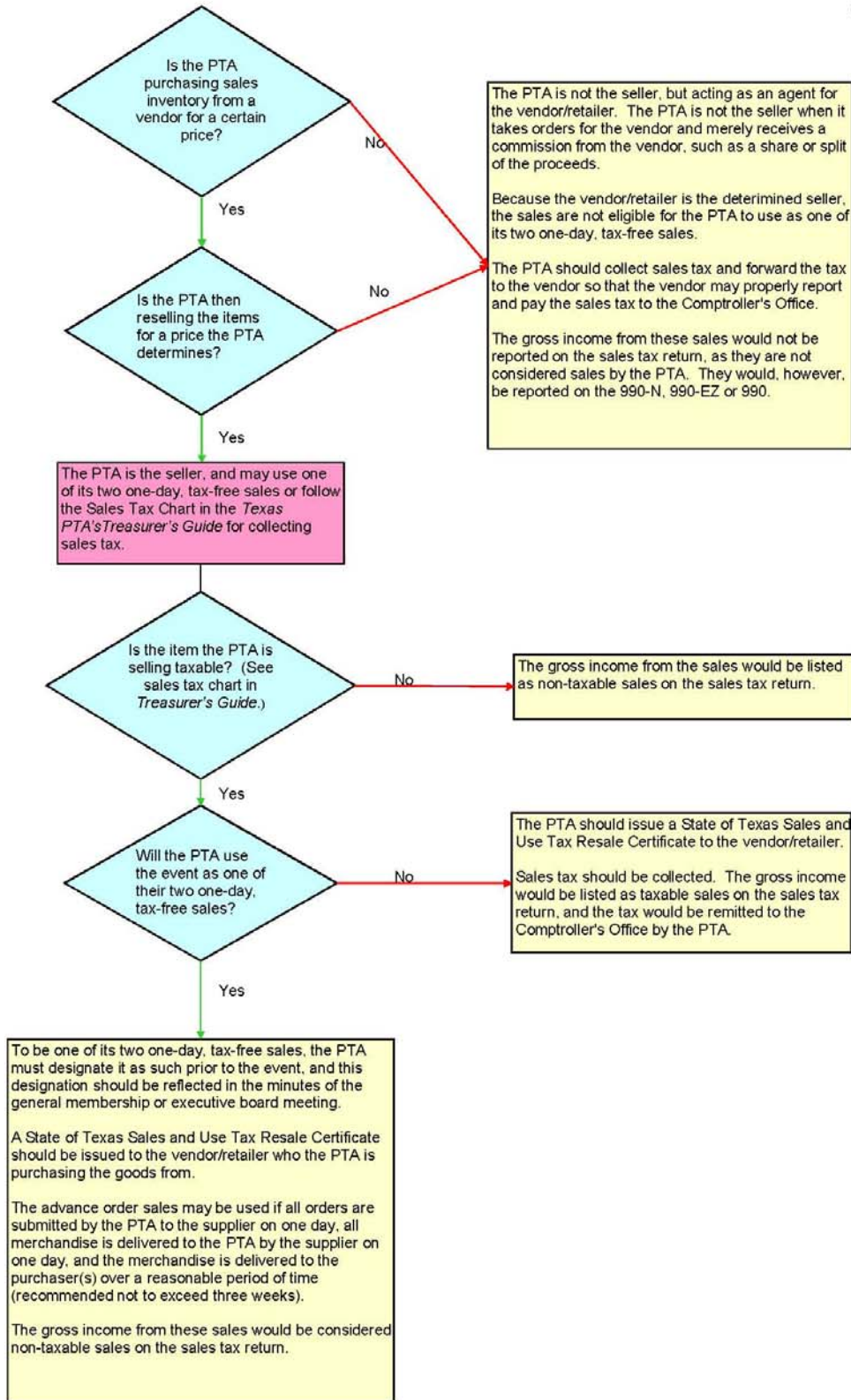
6. The outgoing treasurer is responsible for putting the financial records in order for the committee. The outgoing treasurer should deliver the following to the audit committee:
 - A copy of the last audit report.
 - The checkbook, canceled checks and all unused checks for all accounts.
 - Bank statements and deposit receipts.
 - Treasurer's books and ledgers.
 - The annual financial report.
 - All receipts of bills paid.
 - Copies of minutes from regular and executive meetings.
 - Adopted budget as amended.
7. Once the records are turned over to the committee chairman, the outgoing treasurer can no longer write checks.
8. A member of the audit committee should make a report to the general membership at the first meeting held after the conclusion of the audit. The association should adopt the report at that time.
9. A copy of the annual report should be attached to the audit report and maintained permanently by the treasurer and placed in the minutes.
10. **Any investigation by the Audit Committee must be kept confidential.**

Contents of Treasurers Procedure Book

1. Copies of annual reports for last 5 years (earlier copies in permanent file).
2. Copies of 990's for last 2 years (earlier copies in permanent file).
3. Texas PTA Treasurer's Guide.
4. National PTA Money Matters.
5. Copies of sales tax returns for last 2 years (earlier copies in permanent file).
6. Copies of all financial reports given at executive and regular meetings for the current year.
7. Copy of current budget as amended.
8. Copy of prior year's audit report.
9. Sales tax and hotel occupancy tax exemption and Texas resale certificates.
10. Copy of Local PTA Bylaws and standing rules.
11. Copy of IRS determination letter and IRS notification of federal identification number.
12. An up to date membership roster that balances with your dues revenue.
13. All correspondence for the last three years from any taxing authority.
14. Contact information for the State Office, your Council President, Council Treasurer, Area President and State Treasurer.

Transfer to New Treasurer

1. Annual report
2. 990
3. Sales tax recap
4. Audit
5. Bank signature card



8/11/08