

Helpful Hints

For

PTO/PTA Organizations

and

BOOSTER CLUBS

Organization Check List

- Organizational Articles of Incorporation and Bylaws for the organization
- Federal Tax Identification Number
- Apply for and receive 501(c)(3) status from the IRS
 - Once this is approved, annually file IRS Form 990
- Fidelity Bond and General Liability Insurance
- State Sales Tax Number
- Annually file W-2s (for employees of organization if applicable) and 1099s for payments made to unincorporated individuals or businesses
- Provide for a bank account to deposit funds and write checks for business of organization (require 2 signatures on checks)
- Annually develop a budget
- Provide monthly accountings of financial status
 - Bank Reconciliation
 - Statement of Receipts and Disbursements
- Have an audit performed at end of the fiscal year

This information is meant to provide guidance to PTA/ PTO and Booster Clubs (“Organizations”). It is not meant to be comprehensive in nature, but rather a guide to proper accounting procedures and the separation of an Organization from the individual schools they serve.

Principles of Being a Good Treasurer

- ❖ All treasurers should be bonded.
- ❖ **NEVER** sign a blank check.
- ❖ **Two signatures are required on all checks.**
- ❖ State and National portions of dues are never recorded as unit income.
- ❖ **NEVER** use debit cards.
- ❖ **NEVER** deposit Organization funds in personal or school accounts and deposit non-Organization funds in the Organization account.
- ❖ **NO** checks should be written until the budget is approved by the Executive Board/Committee and the general membership.
- ❖ Organization funds must be kept separate from school funds.
- ❖ Always issue a receipt for cash received. Two persons should always count any money received.
- ❖ It is **never** good policy to pay with cash.
- ❖ Organization may **NOT** raise money for individuals or donate money to other groups or organizations (although an Organization may bear its share of the costs of a cooperative project).
- ❖ Assure complete and accurate record keeping of all funds.
- ❖ Conduct an audit of financial records at least annually.
- ❖ **Remember, children should never be exploited or used as fund raisers.**

Responsibilities of the Treasurer

The treasurer is the fully elected, legally responsible and authorized custodian of the Organization funds. The treasurer should work closely with the president who bears the full responsibility for the total affairs of the Organization and should have a complete understanding of all financial matters.

Upon Taking Office

1. The books should be audited **before** you accept them or write any checks. An audit should be conducted immediately following the end of the term of office. This may or may not be in the same fiscal year.
2. Check files and records received from retiring treasurer. Ask for any missing records at once.
3. Become familiar with the duties as outlined in the by-laws.
4. **Two signatures are required on all checks.** The new treasurer and at least two other officers (president and secretary or other officer) should be authorized with the bank to sign checks.
5. Make sure the correct EIN number (Employer Identification Number) is listed on the bank account.
6. Check on bonding and liability insurance for the Organization.
7. Work with the Finance or Budget Committee to develop a budget for the coming Organization year.

Maintaining Financial Control

1. The treasurer is the officer responsible for the funds of the Organization. Any other officer or chairman, including the president, who receives money at some time during the year should immediately count (with another person present) and receipt the money, give the money to the treasurer, and should receive a receipt from the treasurer for the exact amount. **Anytime money is turned in, both people should sign the receipt – the person turning in the money and the person receiving the money.**
2. **Never** deposit any money except Organization money into an Organization account. **Organization funds must be kept separate from school funds.** School funds are public monies: Organization funds are private monies.

3. Organization may **NOT** raise money for individuals or donate money to other groups or organizations (Organization may bear its share of the costs of a cooperative project). From time to time Organization may find it necessary to join with other groups or organizations in a coalition for the betterment of children, (bond referendums, health fairs, support for public education, etc.)
4. **NO** money may be paid out by the treasurer until it is authorized by the adoption of the budget by the Executive Board/Committee and general membership. The procedure is outlined in your bylaws. **The treasurer could be personally responsible for repaying the Organization for any unauthorized expenditures.**
5. Maintain an accounting system with an accurate record of the expenses and receipt transactions of the Organization. Keep records up-to-date.
6. Require a check request slip be completed by persons needing a check.
7. Save cancelled checks, paid bills, receipts and bank statements for annual audit.
8. Obtain a receipt for every invoice, purchase, or other payment made by the Organization.
9. Register **every** check in the checkbook at the time it is written and **record** on the check and stub the reason it is written
10. **NEVER** issue a blank check for unspecified amount.
11. **NEVER** pay with cash.
12. **NEVER** use debit cards.
13. **Deposit** all monies received for the Organization in the Organization account as soon as possible after receiving it. Never leave money in the school or someone's home. Always keep a copy of the deposit slip for your records. It is recommended that you list the amount received for each income item (i.e. dues, donations, fund-raisers, etc.) separately on the deposit slip.
14. **NEVER** deposit any Organization money in anyone's personal account or in the school account.
15. Checks should not be written to the school or principal unless it is a budgeted item or for a purchase with was approved by the Organization membership in the adoption of the budget. Be sure you receive a receipt to protect the school, principal and yourself.

16. Write checks only for items in the budget. Any change in the budget, must be approved by the general membership at a regular or specifically called meeting.

Contents of the Treasurer's File

1. A copy of the Organization bylaws and standing rules, with section marked authorizing disbursements.
2. A copy of the budget as adopted by the Organization. Also keep a copy of any and all amended budgets.
3. Receipt book to acknowledge money received by the treasurer.
4. Checkbook to disburse funds as authorized.
5. Treasurer's account book in which to keep the financial records of the Organization.
6. Permanent IRS tax information including the following:
 - Federal Employer Identification Number (FEIN) or Employer Identification Number (EIN)
 - Copies of filed Form 990s and other required IRS forms
7. Permanent state tax information such as state sales tax correspondence, state identification numbers and reports filed with the state.
8. An up-to-date roster of the members of the Organization.
9. Ten years' file of audit reports (for historical purposes).
10. Seven years' file of cash receipts and petty cash records, deposits, invoices and statements.
11. General correspondence.
12. Three year's file of budgets.

Tax Forms Filing

Treasurers are responsible for filing any tax forms for the Organization.

FORM 990 is required to be filed (by the 15th day of the 5th month following the end of the Organization taxable year example – if your fiscal year ends June 30, the Form 990 is due by November 15) if the Organization's gross receipts are more than \$25,000 or if the

form is sent to the Organization. **Gross receipts are the total amount received from all income sources during the annual accounting period, without subtracting any costs or expenses.** This does not include transfers from savings accounts. **ALWAYS** complete and return the form if the Organization receives it even if you did not make more than \$25,000 that year. **Penalties will be accessed by the IRS if this form is not returned.**

Other tax forms such as state sales tax forms are the responsibility of the treasurer.

Organization Funds vs. School Funds

Organization funds **MUST** be kept separate from school funds. School funds are public monies; Organization funds are private monies belonging to the unit. For the money generated at a fund-raising activity held within a school, on school property or involving students who belong to Organization to be considered Organization funds, the activity at which the funds were raised must have been conducted at the direction or under the supervision of the Organization. This means that Organization must clearly be “*in charge*” of the activity. **To determine that Organization directed or supervised the activity, ALL of the following criteria are used:**

1. If there was a contract involved, **the Organization president must have signed the contract** in accordance with the provisions of the by-laws. If someone else (i.e. a school principal or staff member) signed the contract, the activity is **not** an Organization activity.
2. Organization must have been involved in the creation, planning, and the implementation of the activity, and the Organization must:
 - A. provide the majority of the manpower for the activity through volunteer Organization members; and
 - B. have a properly structured committee for the activity.
3. School district employees (teachers, principals, or other staff involved in the activity) must be, for the most part, on their own time (non-staff time). The activity must:
 - A. have been approved by the Organization membership or board of directors; and
 - B. be a part of the Organization budget.

If the activity does not or cannot meet these criteria, then the activity is **NOT** an Organization activity and the money raised at the activity does **NOT** belong to the Organization. All money deposited in the Organization account will be considered Organization funds by the IRS and must be reported as such. An Organization should never deposit school or school-related money in its account.

Why Does Your Organization Need Complete Financial Records?

So that Board Members can make informed decisions using accurate financial statements.

What are Financial Statements?

A summary of cash receipts and disbursements during a specified period of time and the resulting cash balances at the end of that period of time.

Cash Receipts

- **Receipt Book** – write receipts for all money collected.
- **Deposit Register** – Record all deposits in chronological order, including date, amount, donor and description.
- **Bank Statement** – Reconcile in a timely manner, using deposit register.

Cash Disbursements

- **Invoices** – Note the date goods were received, the individual who received the goods and approval for payment. File by month paid or Vendor.
- **Checks** – Use in numerical sequence, keep in a secured location, require two signatures.
- **Check Register** – Record all cash disbursements – including date, amount, check number, payee and description.
- **Cancelled Checks** – Review all cancelled checks for unusual items.
- **Bank Statement** – Reconcile in a timely manner, using check register.
- **Budget** – Board should approve an annual budget, Board should approve any changes to the budget throughout the year, Board should monitor budget by comparing the actual revenues and expenses.
- **Financial Statements** – Board should review financial statements on a periodic-semimonthly basis.
- **Minutes of Organization Meetings** – Detailed minutes of Organization meetings should be maintained to document Board actions.
- **Copies of Contract** – Copies of any contract obligation should be maintained in a centralized file.
- **Bonding** – All people who handle financial transactions should be bonded.
- **Debit Cards** – Should never be used.

IRS Requirements 501(c)(3) Organization

- **Form 1099** – Due to individuals the last day of January and IRS the last day of February, send one to each individual or unincorporated business you pay more than \$600.

- **Contribution Receipts** – Receipts must be provided to any donor who contributes more than \$250.

School Money: Yours, Mine & Ours?

- **How should the money be kept?**
Separate checking account; reconciled monthly.
Verification of all deposits; two signatures on checks.
- **How formal do the books and records have to be?**
Simple receipt book and standard checking account.
Invoices should be attached to copy of check and retained in a file.
- **Are teachers allowed to collect money for the Organization?**
NO.
Monies receipted by teachers must be deposited in the school's accounts because they are agents of the school system.
- **Who should collect moneys from fund raising activities?**
Designated Organization officials.
Students and teachers should not be asked to collect or transport Organization funds.
- **Are Organizations permitted to purchase from the state contract?**
No.
The best method for taking advantage of state contract is to donate money to the school with specific instructions as to its purpose.
- **What happens after we donate equipment to the school system?**
Equipment donated to the school system becomes the property of the school system as a whole (although the property normally remains at the receiving school).
- **Does school insurance cover Organization property?**
No.
School insurance covers only property that is owned by the school system.
- **What other things can we purchase or do for the school?**
Ask principal, teachers and staff for suggestions before assuming or choosing items. There may be restrictions on property the Organization members may not be aware of.
- **May we pay school employees for services rendered?**
The practice is not recommended.
- **Are Organization funds exempted from federal income tax?**
Yes, normally.
Please refer to Publication 557.

- **What is all the fuss about an identification number?**
Federal tax identification numbers are specific and can only be used by the entity given the number. Organizations are prohibited from using the Davie County Schools tax identification number.
- **How does the Organization apply for a tax-exempt identification number?**
Refer to Publication 557 for Federal Information.
- **How should North Carolina Sales and Use Tax be handled?**
Contact the North Carolina Department of Revenue for Sales Tax information.

Deposit Recap Sheet

Date:

Date of Event:	
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Type of Event:	
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Names of Workers:

Last Name	First Name

Names of Money Counters:

Last Name	First Name

Amount of Deposit:	\$
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Reconciliation To Items Sold/Money Collected

Name(s) of Depositor(s)

Last Name	First Name

Attach a copy of Bank Deposit Slip

- **Do not let the money counters make the deposit.**
- **Have two people count all the money after each event.**
- **Use a night deposit bank bag.**
- **Do not take money home.**
- **Use deposit recap sheet (date, event, number of workers and names, names of counters, amount of deposit, bank receipt copy, names of depositors).**
- **Involve as many people as reasonable in the money function.**
- **Submit a simple monthly report to the membership and the principal of the school being served.**
 - **Beginning Balance**
 - **Receipts**
 - **Subtotal**
 - **Expenses**
 - **Ending Balance (should equal the reconciled bank balance)**

Monthly Cash Reconciliation

Date:

Beginning Balance at:	\$
(Name of bank)	

Receipts, For the Month/Year :

Receipt written to	\$
Total Receipts	\$

Subtotal: (Beginning Balance + Total Receipts)	\$
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Expenditures for the Month/Year:

Description of Expense	\$
Total Expenditures	\$

Ending Balance at :	\$
(Name of bank)	

Sources of Information for Organization Officers

IRS: www.irs.gov
Publication 557 Tax Exempt Status
Form 990 and Frequently asked questions
Form 1023 – Application for Recognition of Exemption
Instructions and Form SS-4 (application for EIN)

NC: www.dor.state.nc.us
Department of Revenue
Sales and Use Tax Division

www.sosnc.com
Secretary of State
Incorporating your Non-Profit Inc.

NCPTA:
www.ncpta.org
1-800-255-0534