

Treasurer Training

16th District PTA
PTA Basics Training
August 10, 2013

Overview

- Financial Review
- Treasurer's Kit, Meetings, Forms
- Banking, Money Management
- Protecting Funds
- Budget and Budgeting, Reporting
- IRS Regulations and Taxes
- Insurance Needs, Incorporation
- Charitable Gaming

First Steps!

- Make sure a financial review/audit is done
- Prepare Treasurer's "Kit"
- Study duties and reference to finances/budget in your PTA bylaws
- Secure signatures of authorized officers
- File signature cards with bank
- Check on bond and liability insurance
- Review *PTA Money Matters* and *Financial Matters*

Why and When to Conduct a Financial Review

- To certify accuracy of books and records
- To assure membership resources are being managed properly
- When the books are closed and no further bills will be paid
- When there is a change of treasurer
- When there are questions or concerns

Preparation For Financial Review

- Bills cannot be paid after books are closed for review
- **Materials needed include:**
 - Copy of last financial review/audit
 - Checkbook, canceled checks, and ledger
 - Bank statements and deposit receipts
 - Itemized statements and receipts of bills paid
 - Check requests or vouchers
 - Annual financial report
 - Copies of minutes and approved budgets
 - Current bylaws and standing rules
 - Copy of last tax return

Financial Review Procedure

- Committee should be an odd number of members.
- Verify that all state and national membership dues have been forwarded.
- Verify bylaws and standing rules have been followed when money was spent.
- Check treasurer's reports and annual report for accuracy.
- Correct errors and note in ledger beginning and end of review in different colored ink.
- Send report to KY PTA office by August 15th.
- Committee must report findings at 1st general meeting of the year.

What To Look For

- Monthly bank reconciliations
- Unexplained reconciling items
- Unusual endorsements on checks
- Match endorsements to payees
- Disbursements not supported by invoices, receipts or other documentation
- Deposit ticket dates are timely
- All invoices were paid by check not cash
- Checks out of sequence, may indicate blank checks being given

Treasurer's Kit



What Should Go In Your Kit?

- Permanent File Check list
 - Copy of the PTA's current bylaws
 - Copy of the PTA's current standing rules
 - Copies of all Year end reports and financial reviews
 - Copies of all Tax returns and any IRS correspondence
 - Bank statements, reconciliations from at least 3 years.

What Should Go In Your Kit?

- Current File checklist
 - Checkbook with checks and deposit slips
 - Deposit slips with bank receipts
 - Receipt book
 - Beginning approved budget
 - Any amended budgets
 - All financial reports to PTA
 - Copy of current IRS filing
 - Copy of Financial review

What Should I Take To Meetings?

- Copies of current financial report for all board members (or membership)
- Current reconciliation of bank statements, copies for President and Secretary
- Forms for expenses
- Budget updates for active committees
- Office supplies like stapler, paperclips, and calculator

Treasurer Forms

- Funds received form
- Deposit Summary form
- Guidelines for PTA Reimbursements
- Reimbursement form
- Authorization for payment
- Sample NSF Check returned letter

Banking

- Two Signatures on all checks
- Use Large Size Checks
- Use Duplicate Checks or Check Stubs
- Limit Fees and Monthly Charges
- Record Deposits and Withdrawals
- Location and Hours
- Online Banking Availability
- Monthly Statements

Money Management

- Review duties in local unit bylaws and standing rules.
- Develop a realistic budget
- Review Records Retention Schedule
- Store records properly
- Become aware of ways to protect PTA funds

Protecting PTA Funds

- Money should never be kept at a member's home
- Two people should always count the money and sign receipt
- Two signature requirement for all checks
- No debit cards
- Have bank statement reviewed by someone who is not a signer
- Never sign a blank check or a check made to "Cash"
- Treasurer should deposit funds immediately after event
- Deposit money daily for ongoing events
- Pay bills by check, never cash only for approved budget expenses and only those with appropriate documentation
- Conduct an annual financial review/audit
- Have a bond policy and follow requirements to guarantee coverage.

More Protection for PTA Funds

- Do not co-mingle PTA funds with those of any other organization or group
- Avoid sponsoring activities that could lead to accidents or injury
- When using independent contractors, obtain evidence of liability and workers compensations insurance
- The use of permission slips or release forms is recommended for events held away from school premises.

Budget

- The budget is an outline of estimated annual income and expenses
- Establish a budget committee
- Treasurer should be chair of committee unless otherwise noted in bylaws or standing rules

Considerations when Budgeting

- The previous year's budget - did it meet the needs or were changes needed?
- What projects does this year's PTA board want to accomplish and what will it cost?
- What sources of funds will be needed to meet those goals and projects?
- Budget should cover one year period

Approving the Budget

- The budget is presented to the PTA Board/Executive committee for consideration
- If approved, it is then presented to the general PTA membership for approval
- Presentation is made during the PTA's general meeting where a quorum is present, majority is needed for approval
- Restricted funds should be noted

Amending the Budget

- Since the budget is only an estimate, changes may be necessary.
- An amended budget is first approved by the PTA board then presented at a regular meeting or a special meeting called for that purpose.
- To amend a previously adopted budget, it is necessary to have a two-thirds vote: with previous notice, a majority vote is needed.
- Check your PTA's bylaws.

Reporting

- Make a report at all board and general membership meetings
- Develop a report that best reflects a transparent process
 - Budget Amount
 - Monthly Report
 - Year-to-Date Total
 - Balance of Line Item

East Anywhere High School

| | A | B | C | D | E |
|----|------------------|-----------------|----------|----------|----------|
| 1 | | | | | |
| 2 | Item | Budget | MTD | YTD | Balance |
| 3 | | | | | |
| 4 | Ballgame Sales | \$25,000 | \$7,500 | \$10,000 | \$15,000 |
| 5 | Yearbook | \$35,000 | \$22,000 | \$22,000 | \$13,000 |
| 6 | Friday Madness | \$15,000 | \$5,000 | \$17,000 | -\$2,000 |
| 7 | Totals | \$75,000 | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | Teacher Grants | \$15,000 | \$1,000 | \$12,000 | \$3,000 |
| 11 | Library Supplies | \$10,000 | \$5,000 | \$10,000 | \$0 |
| 12 | School Store | \$15,000 | \$11,000 | \$11,000 | \$4,000 |
| 13 | Convention | \$2,000 | \$0 | \$0 | \$2,000 |
| 14 | Student Council | \$2,750 | \$750 | \$750 | \$2,000 |
| 15 | Copier/Supplies | \$14,500 | \$4,500 | \$10,000 | \$4,500 |
| 16 | Totals | \$59,250 | | | |

Tip: Use the program and report design that is best for you and your PTA!

Federal Requirements

- Federal Tax Exempt Status – 501(c)(3)
- Employer Identification Number (EIN)
- Determination Letter of Tax Exempt Status
- File Form 990
- Public Inspection Requirements
- Unrelated Business Income (UBI)

Jeopardizing 501(c)(3) Status?

- Inurement/private benefit activities prohibited and restricted
- Lobbying activities must be insubstantial
- Political activities are absolutely prohibited
- Failing to meet Filing Requirements
- Unrelated business activities must not be primary purpose
- Continue to operate with an exempt purpose

Form 990 Overview

990 is a tool for an Exempt Organization to show:

- It is organized and operated as a tax-exempt entity
- It is in compliance with all applicable tax laws
- It has a mission it continues to fulfill
- It responsibly safeguards its assets

Filing the 990-N

<http://www.irs.gov/charities/article/0,,id=169250,00.html>

To complete 990-N, you will need:

- Employer identification number (EIN)*
- Tax Year*
- Legal name and address*
- Other names the organization uses*
- Name and address of a principal officer*
- Web site address (if one exists)*
- Confirmation that gross receipts are normally at or below the threshold*

When To File?

Forms 990, 990-EZ, 990-N and 990-PF Due:

- 15th day of the 5th month after the organization's accounting period ends
- Request extension with Form 8868 on or before the due date

Why Does PTA Need Insurance Coverage?

- School districts generally *do not* cover PTA Units
- Protects the assets of the PTA
- Protects the assets of PTA members

Commercial Property and Casualty Insurance – KY PTA

- Commercial General Liability
 - Bodily injury or property damage
- Automobiles
 - Non-Owned and Rented
- Fidelity Bond – elected officers
- Crime Insurance
- Property Coverage

Directors and Officers (D&O) Liability Insurance

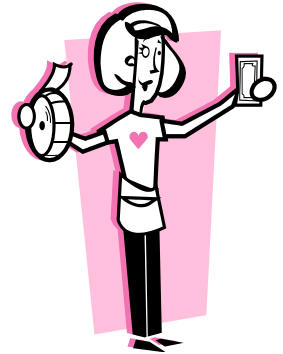
- KY PTA Insurance Policy
 - Available if Commercial Property and Casualty is purchased
- Not-for-profit Organization Liability
- Covers Wrongful Acts
- Covers Personal Injury or Publishers Liability

Incorporating Your PTA

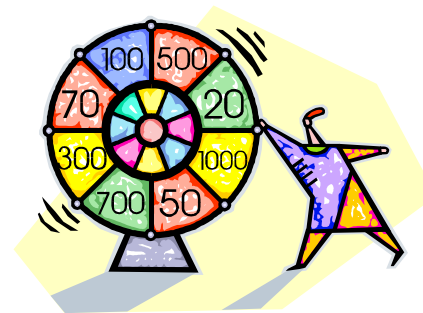
- Why? To recognize your PTA as a legal entity within the state.
- Gives another layer of liability protection.
- To incorporate or reinstate your PTA contact Colleen Wolfe at colleen.wolfe@twc.com.
- Annual report due by June 30 each year and \$15 fee.
- Kentucky Secretary of State website www.sos.ky.gov

Charitable Gaming Licenses

- Charitable Gaming License Exemption
- Charitable Gaming License
- Charity Fundraising Event License
- Special Limited Charity Fundraising Event License



- www.dcg.ky.gov



Entire Board's Responsibility

- National PTA produces another Quick Reference Guide called, Money Matters. While it is a good idea to hand Money Matters to your local unit treasurer, you should consider sharing the entire document with your board. Money Matters explains what a PTA leader needs to know about money management. Just because it falls under the treasurer's job description, the board does not get to ignore finances. Ultimately, it is the board's job to manage the PTA's money and to provide fiscal oversight. Make sure your board has the knowledge to do this—sharing Money Matters is a good way.

Useful Resources

- www.pta.org
- www.kypta.org
- www.fcps.net/pta
- National PTA e-Newsletters
- NPTA *Money Matters*
- KY PTA *Financial Matters*
- PTA President's *Quick Reference Guide*
- NPTA E-Learning course
 - *Preventing Theft In Your PTA*

Contact

Any questions can be directed to:

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