

# Fiscal Fitness for Units: A Guide for Treasurers

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# What is a Treasurer?

The Treasurer plays a key role in the ongoing operation of each PTA unit:

The Treasurer is the custodian of the unit's finances and must ensure that there are appropriate internal controls to prevent misuse of funds.

The Treasurer guides the unit in making sure there are enough funds available to provide the programs and services your unit wishes to make available.

Lastly, the Treasurer makes sure the required reports are provided to the membership and IRS.

# Duties

- Maintain accurate, detailed financial records
- Help prepare the PTA Budget
- Receive and disburse funds
- Report on finances at PTA meetings
- Ensure monthly financial reconciliation is completed
- Prepare a IRS tax return – 990-EZ, or 990-N
- Prepare the books for the annual audit and ensure the audit is completed
- Update financial procedures as necessary

# Money Handling Guidelines

- Have and maintain financial procedures
  - No signing of blank checks
  - Two, unrelated signers on all checks
  - Bank statement reconciled monthly
  - Report is reflected in meeting minutes
- Never deposit PTA funds in a personal OR school account
- Keep PTA funds separate from school or other group's funds
- Assure complete and accurate recordkeeping
- Conduct the annual audit

***It's all about INTERNAL CONTROLS!***

# The Books

- Audit Reports
- Current Ledger
- Bank Statements
- Reconciliations
- Checkbook
- Vouchers/bills
- Bylaws/Procedures
- Approved Budget
- Meeting minutes
- Letter of Determination
- Insurance Certificate
- ST-119 Tax Exempt form
- Previous year's 990 filing
- Current/previous years' vouchers/bills

# Letter of Determination

PTAs qualify for exemption from federal income tax. New York State PTA has secured from the IRS a group or blanket federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code; this group or blanket exemption applies to the state PTA's local units.

Your unit's Letter of Determination consists of the letter from the IRS confirming New York State PTA's 501(c)(3) status, and a letter from the NYS PTA Treasurer stating that your unit is covered under our group exemption.

**If your unit does not have their letter of determination, please place a request with your Region Director.**



# Treasurer's Report

- Presented at every meeting
  - get it to the President if you cannot attend
- Follow bank statement month, not calendar or meeting to meeting
- Have all records available
- This report should become a part of your unit's minutes for that meeting

See the sample treasurer's report in the Resource Guide



# Treasurer's Report

finance and insurance

## sample monthly treasurer's report

PTA

	actual YTD	budget	variance
balance on hand: 1/31/20 .....			(300.00)
			(16.67)
			1,000.00
<b>income</b> .....	<b>4,800.00</b>	<b>5,100.00</b>	<b>200.00</b>
Local Membership Dues (@ \$6*).....	83.33	100.00	(143.86)
2. Investment (CD @ Bank on \$2,500) .....	1,000.00	—	—
3. Donations from PTA Parents .....	1,700.00	1,500.00	200.00
4. Fundraising Projects .....	456.14	600.00	(143.86)
Carnival .....	300.00	300.00	—
Book Sale .....	1,000.00	1,000.00	—
Founders Day .....	0.00	—	—
5. Corporate Sponsorship .....	\$1,658.33	—	—
<b>total income</b> .....	<b>\$9,339.47</b>	<b>\$8,600.00</b>	<b>\$739.47</b>
<b>expenses</b> .....			
1. Administration .....	25.00	200.00	45.00
Supplies .....	25.00	50.00	25.00
Past President's Pin .....	0.00	100.00	—
Printing .....	15.00	100.00	50.00
Mailing Permit/Postage .....	25.00	750.00	175.00
Liability Insurance .....	25.00	300.00	75.00
Bonding Insurance .....	—	150.00	—
2. Leadership Education .....	10.00	200.00	30.00
District/Council Conferences .....	—	170.00	55.00
State PTA Convention/ .....	0.00	445.00	90.00
National PTA Convention .....	0.00	310.00	95.00
Publications/Brochures/ .....	40.00	205.00	23.82
Our Children .....	20.00	276.18	50.00
3. Committees .....	20.00	—	50.00
Membership .....	—	0.00	50.00
Programs .....	0.00	0.00	—
4. Volunteer Recognition .....	0.00	—	48.37
Awards (3) .....	—	251.63	75.00
Special Appreciation Awards .....	0.00	125.00	60.00
5. Projects .....	0.00	185.00	(56.00)
Carnival .....	0.00	356.00	25.00
Book Sale .....	0.00	275.00	11.00
Reflections .....	0.00	179.00	15.00
Parent Involvement .....	0.00	185.00	—
Student Enrichment Grants .....	0.00	—	—
Self-Esteem Program .....	0.00	—	—
Reading Scholarships .....	0.00	—	—
<b>total expenses</b> .....	<b>\$205.00</b>	<b>\$4,142.81</b>	<b>\$942.19</b>
<b>balance on hand: 2/28/20 .....</b>	<b>\$4,203.34</b>	<b>\$5,085.00</b>	<b>\$300.00</b>

(State and national portions of dues collected and remitted to state: \$4,000. Founders Day donations: \$300.)  
 \*We have 800 members and our annual membership fee is \$11.00.  
 National 800 @ 1.75 = 1,400.00  
 State 800 @ 3.25 = 2,600.00  
 Local 800 @ 6.00 = 4,800.00  
**Totals \$11.00 = \$8,800.00**

Submitted by \_\_\_\_\_, Treasurer

Section 5 - finance and insurance



# Monthly Reconciliation

The Monthly Reconciliation is simply a review of the past month's receipts, cash on hand, and disbursements (also known as the ledger).

These are calculated and then compared to the current bank statement to ensure that all transactions have been properly accounted for.

Any issues found are noted and reported to the membership.

# Monthly Reconciliation

- |   |          |
|---|----------|
| a. Ledger balance on hand from prior month end<br>(Verify with previous reconciliation) | \$ _____ |
| b. Total receipts from last month   | \$ _____ |
| c. Total cash on hand   | \$ _____ |
| d. Total disbursements from last month  | \$ _____ |
| e. Current ledger balance on hand<br>(Should equal lines a + b + c minus line d)        | \$ _____ |



## PTA monthly reconciliation form

PTA name/unit \_\_\_\_\_ reconciliation for month of \_\_\_\_\_

council \_\_\_\_\_ region \_\_\_\_\_

- |   |          |
|---|----------|
| a. Ledger balance on hand from prior month end<br>(Verify with previous reconciliation) | \$ _____ |
| b. Total receipts from last month   | \$ _____ |
| c. Total cash on hand   | \$ _____ |
| d. Total disbursements from last month  | \$ _____ |
| e. Current ledger balance on hand<br>(Should equal lines a + b + c minus line d)        | \$ _____ |

f. Latest bank statement balance \$ \_\_\_\_\_

g. Checks Outstanding (List check numbers below):

h. Total of all checks outstanding \$ \_\_\_\_\_

i. Bank balance plus checks outstanding balance  
(Add line f and line h) \$ \_\_\_\_\_

j. Line (i) minus Current Ledger Balance (e) \$ \_\_\_\_\_

We have examined the books of the above named PTA unit and find them to be:

- correct
- incomplete.
- incorrect.
- substantially correct with the following adjustments:

reconciliation completed by (signature) \_\_\_\_\_ date \_\_\_\_\_

reconciliation completed by (signature) \_\_\_\_\_ date \_\_\_\_\_

# Monthly Reconciliation

f.	Latest bank statement balance	\$ _____
g.	Checks Outstanding (List check numbers below):	
h.	Total of all checks outstanding	\$ _____
i.	Bank balance plus checks outstanding balance (Add line f and line h)	\$ _____

## PTA monthly reconciliation form

PTA name/unit \_\_\_\_\_ reconciliation for month of \_\_\_\_\_

council \_\_\_\_\_ region \_\_\_\_\_

a.	Ledger balance on hand from prior month end (Verify with previous reconciliation)	\$ _____
b.	Total receipts from last month	\$ _____
c.	Total cash on hand	\$ _____
d.	Total disbursements from last month	\$ _____
e.	Current ledger balance on hand (Should equal lines a + b + c minus line d)	\$ _____
f.	Latest bank statement balance	\$ _____
g.	Checks Outstanding (List check numbers below):	
h.	Total of all checks outstanding	\$ _____
i.	Bank balance plus checks outstanding balance (Add line f and line h)	\$ _____
j.	Line (i) minus Current Ledger Balance (e)	\$ _____

We have examined the books of the above named PTA unit and find them to be:

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# Monthly Reconciliation

## PTA monthly reconciliation form

PTA name/unit \_\_\_\_\_ reconciliation for month of \_\_\_\_\_

council \_\_\_\_\_ region \_\_\_\_\_

We have examined the books of the above named PTA unit and find them to be:

- correct
- incomplete.
- incorrect.
- substantially correct with the following adjustments:

reconciliation completed by (signature) \_\_\_\_\_ date \_\_\_\_\_

reconciliation completed by (signature) \_\_\_\_\_ date \_\_\_\_\_

j. Line (i) minus Current Ledger Balance (e) \$ \_\_\_\_\_

We have examined the books of the above named PTA unit and find them to be:

- correct
- incomplete.
- incorrect.
- substantially correct with the following adjustments:

reconciliation completed by (signature) \_\_\_\_\_ date \_\_\_\_\_

reconciliation completed by (signature) \_\_\_\_\_ date \_\_\_\_\_

# Monthly Reconciliation

- Should be completed at every meeting
- Cannot be completed by a signatory (or relation)
- Preferably completed by two people
- Statement month, not meeting to meeting
- Should be noted in the meeting minutes that the reconciliation is done and by whom
- Maintained in both secretary and treasurer's records.

# Monthly Reconciliation

If monthly reconciliations are not completed, and you file an insurance claim for a financial matter, the insurance company

**MIGHT NOT HONOR THE CLAIM**

## It's simply a review

- A PTA Audit is a verification of account balances & bills paid
- It gives assurance that proper financial procedures have been followed
- It is part of the end-of-year process for all PTA units



## The Audit Committee

- Must consist of **3 non-check signers**
- Can not be related to any check signers
- The Treasurer cannot be on the Audit Committee, but should be available for questions
- Will provide documentation of their findings to the unit membership

See the sample audit report in the Resource Guide

# PTA Audit

finance and insurance

## sample audit report

Audit Report of ABC PTA/PTSA

Audit covering period of July 1, 2016 (#1) to June 30, 2017 (#2)

Balance on Hand .....  
 Receipts .....  
 Total .....  
 Disbursements .....  
 \*BALANCE ON HAND .....

Latest Bank Statement Balance .....  
 Checks Outstanding:  
 Check # ..... \$7,

110 ..... Am  
 235 ..... \$1,  
 296 ..... \$1.0  
 (More than 3 missing checks SEE ATTACHED)

Total Checks Outstanding ..... \$2,  
 \*Balance in Checking Account ..... \$2,628.55 (#9),  
 ..... \$5,198.49(#10)

We the undersigned members of the audit committee, have examined the books of the treasurer of ABC PTA/PTSA and find them to be in order.

\*AMOUNTS MUST MATCH

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (#12)  
 Chair

finance and insurance

## sample PTA financial review form

local PTA name/unit code \_\_\_\_\_ date \_\_\_\_\_  
 council \_\_\_\_\_ region \_\_\_\_\_

Balance on Hand (date of last review) ..... \$ \_\_\_\_\_  
 Receipts (from last review to date of review) ..... \$ \_\_\_\_\_  
 Total Cash ..... \$ \_\_\_\_\_  
 Disbursements (from last audit to date of review) ..... \$ \_\_\_\_\_ (amounts)  
 Balance on Hand (date of review) ..... \$ \_\_\_\_\_  
 Latest Bank Statement Balance ..... \$ \_\_\_\_\_  
 Checks Outstanding:  
 (List check numbers) .....  
 Total Checks Outstanding .....  
 Balance in Checking Account ..... date \_\_\_\_\_

Date of Audit .....

We have examined the books of the {school name} PTA and find them to be (please choose one of the following to complete the sentence):

- correct.
- incomplete.
- substantially correct with the following adjustments:

incorrect.

Date review completed \_\_\_\_\_  
 Reviewers' signatures \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(The report should be read by a member of the audit committee or the secretary. The presiding officer should then call for the appropriate action.)

# PTA Audit

If your yearly PTA Audit is not completed, and you file an insurance claim for a financial matter, the insurance company

**MIGHT NOT HONOR THE CLAIM**

# Insurance

- Insurance payment due on June 15 each year for the following year's coverage
- Certificates of Insurance are mailed directly to the unit after payment is received
- Coverage includes Directors and Officers, Crime, and Liability
  - Optional coverages are available at unit's expense, but not required
- **Stop/Pause/Play** List Activities
- Reporting Incidents or Questions
  - AIM, Inc.
    - 1.800.876.4044
    - [aim@aim-companies.com](mailto:aim@aim-companies.com)
  - Region Director

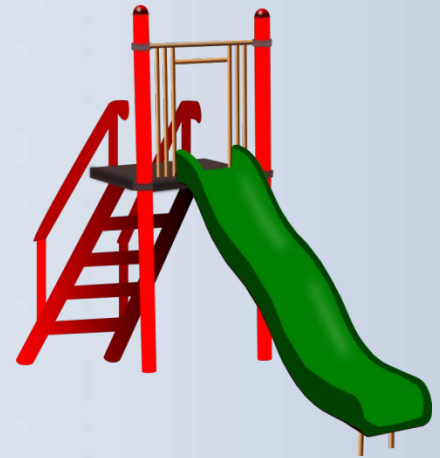


# Playgrounds

In reviewing it's mission and purpose, PTAs should not fund the construction of playgrounds.

- It should advocate to the school district and community to provide the playground.
- PTA parents and community can form a separate organization whose purpose is to raise funds to build/pay for a playground.
  - That group should have its own bank accounts, 501(c) (3) nonprofit status, insurance, etc. or use the destination school district accounts/insurance. That separate group should work closely with the school district and community to make sure that all local policies, procedures, and regulations are followed.
- The building of a playground is a high risk activity (**Stop** list) for the insurance coverage.

In consideration of the fiscal and liability risks cited, it is our official recommendation that PTAs do not take on the project of building/providing a playground.



# Field Trips & Transportation

- PTA Position – PTAs should not pay for things the school district should be paying for as part of the students' educational program
- But if a PTA decides to fund/partially fund field trips, grant the funds to the district and let the district pay the vendors
- PTA should never pay providers directly
- Parent Transportation to Field Trips
  - Not Recommended
  - School District Policy
  - PTA Insurance

# Grants/Gifts to School

- Giving Grants – Gifts to the School District
  - Application/Evaluation Criteria
  - School District must accept the grant funds or item – BOE resolution
  - No future responsibility for the PTA
  - Full accounting of the funds spent
  - Should not be to provide financial assistance to schools!



This **DOES NOT** absolve the PTA of all liability, but does lesson its exposure.



# Budget

- Form a budget committee of 3 to 5 members
- Review prior year's actual vs. budgeted receipts and disbursements
- Determine how much money your unit will need to cover anticipated expenses for the next year (programs, supplies, etc.)
- Determine how you are going to pay for those expenses (fundraisers, membership)
- Draft a preliminary budget worksheet, based on the budget committee's projections

# Budget

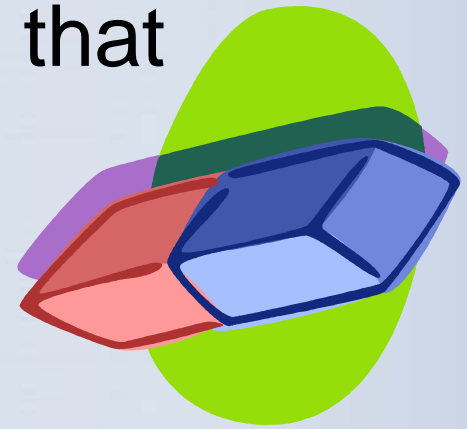
- Present the draft to the PTA Board for consideration and recommended changes
- Present the final budget at a general PTA meeting for approval. A majority vote of the members present is required for adoption – as always a quorum is needed
- The adoption of the budget authorizes the PTA to spend unit funds for expenses covered in the budget
- **Funds should not be spent until the budget is approved!**

# Dues and your Budget

- Membership Dues Income
  - Show only *the amount the unit keeps* under income
  - No expense entry
- Example – 10 members pay \$10 each
  - Show \$60 on income
  - Note at the bottom on the monthly Treasurer's Report that \$40 was sent to NYS PTA for state/national dues portions

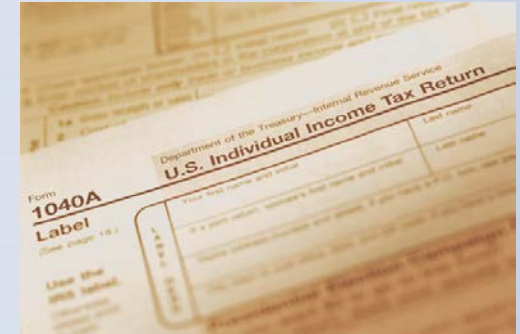
# Amending the Budget

- Amendments can be made at any time but must be voted on by your general membership
- Amendments require a majority vote of the members present at a general meeting or at a special meeting called for that purpose
- Quorum at meeting is needed



# IRS Tax Filing - The 990

- **ALL** PTAs must file
- Fiscal year July 1<sup>st</sup> to June 30<sup>th</sup>
  - File between 7/1 and 11/15
  - 2016 return is for 7/1/16 to 6/30/17
- 990-N e-postcard filing – if **gross** receipts are less than \$50,000
- 990-EZ or 990 - if **gross** receipts are between \$50,000 and \$200,000
- If 990-EZ or 990 is filed, you **must** also file Schedule A
- Request a filing extension on Form 8878
- All documents are downloadable in pdf format from [www.irs.gov](http://www.irs.gov)



# IRS Tax Filing

- e-postcard filing – <http://www.irs.gov/990n>
- Employer Identification Number (EIN), also known as a Taxpayer Identification Number (TIN)
- Tax year (2016 for this past Fiscal Year 2016 - 17)
- Legal name (match bylaws) and mailing address (usually the school)
- Any other names the organization uses
- Name and address of principal officer - current
- Web site address if the organization has one
- Confirmation that the organization's annual gross receipts are normally \$50,000 or less

# We Forgot to File Our Taxes!

Your unit should file its taxes (the 990, 990-N, or 990-EZ) by November 15 each year.

## 3 Rules for Keeping the IRS Happy

1. File your annual return
2. File on time
3. File a *complete* return  
If it's not complete, it's not filed!

**If you absolutely, positively CANNOT file your taxes by November 15**

**FILE FOR AN EXTENSION!**

You can get a six month extension just by applying, but you must apply before November 15!

**Late or Non-Filed Taxes = Penalties & possible loss of exemption!**

If you did not file your taxes (or request an extension) by November 15  
**file your Form 990 IMMEDIATELY!**

- You may not be able to file the 990-EZ or 990-N
- Your unit may be imposed a penalty by the IRS
- If your unit has not filed for 3 consecutive years, you will automatically lose its tax exempt status.



# We Lost our 501(c)(3) Status!

If your unit receives notification that its tax-exempt 501(c)(3) status has been revoked, there is a process to have it reinstated. Contact your Region Director *immediately* for assistance.

If your status is revoked, then your unit

## **May**

- Continue to be a PTA
- Sell memberships
- Run programs/events
- Pay bills
- Maintain PTA insurance
- Attend State/Region PTA events and trainings
- Advocate

## **May Not**

- Use the New York State Sales Tax Exempt form (ST-119.1) for purchases
- Solicit/accept tax-deductible donations
- Apply for grants for not-for-profits
- File the 990 until status is reinstated

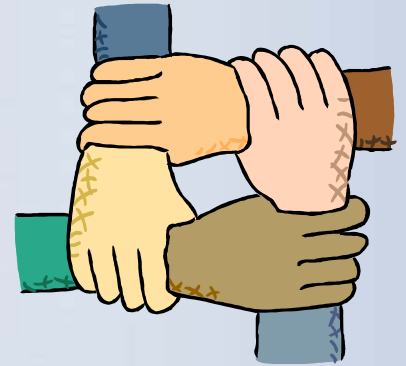
# Events or Donations Benefiting One Student or Family

## Due to IRS regulations, this is not allowed

- IRS regulations for 501(c)(3) organizations
  - Funds must be used to further the mission and purpose of the PTA
    - PTAs purpose is not general welfare or disaster relief
  - Individual beneficiaries must be eligible members of a charitable class
    - Must be large enough that the potential beneficiaries cannot be individually identified, or
    - Sufficiently indefinite that the community as a whole, rather than a pre-selected group of people, benefits when a charity provides assistance
- Help In Other Ways Outside PTA
- Sunshine Fund – *No Budget Line*
  - IRS regulations specifically forbid Sunshine/Rainy Day Funds
  - Must be blind to all PTA reports and procedures

# Working With Other Groups

- OK to team with other groups
  - School District
  - American Cancer Society, etc.
- Decide ahead of time – division of labor/expenses/proceeds
- Write it Down!
- Account for all funds – to both groups - incoming and outgoing



# Treasurer Resources

- NYS PTA Resource Guide – Section 5
- NYS PTA Website
  - [www.nyspta.org](http://www.nyspta.org) > Run Your PTA > Treasurer Information
- NPTA eLearning Library
  - [www.pta.org](http://www.pta.org) > Home > PTA Leaders > E-Learning
- NPTA – Back to School Kit: <http://www.ptakit.org/>
- Region Treasurer/Director
- Fast Facts, *NY Parent Teacher*
- NYS PTA Treasurer, Sean Hannam - [treasurer@nyspta.org](mailto:treasurer@nyspta.org)

# Any Questions?

