



TREASURER'S GUIDE

PTA Council of Howard County
5451 Beaverkill Road
Columbia, MD 21044
410-740-5153

E-mail: office@ptachc.org

Council Treasurer - treasurer@ptachc.org

PTACHC website: www.ptachc.org
National PTAs website: www.pta.org
Maryland PTAs website: www.mdpta.org

Supplemental Handbook for Local PTA Treasurers

PTA Council of Howard County has prepared this handbook as a supplement to the information found in *Cash Encounters* from Maryland PTA and *PTA Finance Quick-Reference Guide* from National PTA.

If you have not received either copy, ask your PTA president for it. The guide's are also online at www.ptakit.org and www.mdpta.org respectively.

The information presented on the following pages is more local in nature or frequently asked information:

1. Structure of PTA
2. Insurance and Incorporation
3. Fundraising
4. Proper Use of PTA Funds
5. Financial Review/Audit
6. Is My PTA Unit in Good Standing

All PTA unit officers should be familiar with:

- HCPSS Fundraising policy 4020 and Donations policy 4010.
- They are found on the HCPSS.org website.
- PTAs are asked to complete section A of the FIN 220 form when scheduling a fundraising activity. PTAs do not complete the summary section. This form is found in the Fundraising policy 4020.

Does my PTA have 501c3 Status? All PTAs are under the MD PTA 501c3 status

STRUCTURE OF PTA

Each level of PTA has been established for the purpose of forming a nationwide movement to advocate the need to support and speak out on behalf of children and youth in the schools, in the community, before governmental agencies, and other organizations that make decisions affecting all children.

LOCAL UNIT

YOUR SCHOOL'S PTA

The local PTA is the *most important* level of PTA. All other levels exist to serve the local PTA.

1. Operates as a self-governing body and is chartered by the state.
2. Plans programs and activities to meet community needs.
3. Works at the school site, at home, and in the community for all children.
4. Serves as the local organization through which the Maryland and National PTA objectives are carried out.
5. Is represented on the PTA Council of Howard County or at Maryland PTA functions by the unit president and/or designated representatives.

COUNCIL

1. Includes all units within the county
2. Is the connecting link between locals and MD PTA
3. Serves as a conference body
4. Provides workshops, leadership development, information, and programs
5. Coordinates programs and projects of member units
6. Works to promote PTA in the area

PTACHC 410-740-5153

5451 Beaverkill Road
Columbia, MD 21044
E-mail: office@ptachc.org
Website: www.ptachc.org

STATE PTA

1. Liaison between National PTA and local PTA unit
2. Organizes units and councils.
3. Cooperates with other groups and organizations working for youth.
4. Maintains a legislative advocate.
5. Holds an annual convention.
6. Interprets and implements policies, programs and projects.
7. Provides workshops, field services and leadership development.
8. Provides publications.
9. Represented on the National PTA Board of Directors by the current Maryland PTA President.

MDPTA 410-760-6221

5 Central Ave
Glen Burnie, MD 21061
E-mail: office@mdpta.org
<http://www.mdpta.org>
Fax: 410-760-6344

NATIONAL PTA

1. Includes all who join local PTAs.
2. Establishes basic policies.
3. Develops and funds projects that are national in scope.
4. Maintains legislative advocates at the federal level.
5. Provides field services and leadership development.
6. Develops and provides resource materials and publications.
7. Holds an annual convention.

NATIONAL PTA 1-800-307-4782

1250 N. Pitt Street
Alexandria, VA 22314
E-mail: info@pta.org
<http://www.pta.org>

INSURANCE AND INCORPORATION

All PTA units in Maryland are required to have insurance coverage through the MD PTA negotiated insurance policy through BB&T Insurance Services.

Insurance premiums are due by July 1.

Knight Insurance Services of California, Inc.
535 N. Brand Blvd, Suite 1000
Glendale, CA 91203
1-866-611-9400
E-mail: PTAMD@knightins.net

BONDING INSURANCE also known as Commercial Crime Insurance, protects the PTA in the event an officer or members' dishonesty results in the loss of funds. You are covered for \$25,000 with a \$500 deductible. Read the Insurance Loss and Prevention Guide for more information on coverage.

GENERAL LIABILITIES Plus Insurance protects the PTA sponsored event except those events and coverage's specifically excluded. The coverage has a \$1,000,000 limit that covers all **allowable** PTA activities. It is critical that before planning any PTA activities the RED, YELLOW, and GREEN pages be reviewed in the insurance guide.

DIRECTORS & OFFICERS LIABILITY - D&O picks up where Commercial General Liability leaves off and protects your officers, volunteers, and employees.

The insurance loss and prevention guide can be found on the MD PTA website www.mdpta.org under the insurance tab

INCORPORATION

All PTAs are incorporated and ALL PTAs must file each year a **PERSONAL PROPERTY RETURN** www.dat.state.md.us/sdatweb/personal.html

DUE: by April 15 of each year

The PTA is an incorporated entity and that corporate status requires that a Personal Property Return be filed every year but no fees are due. There are late filing penalties from \$30-\$500 plus interest.

Helpful Hints:

1. PTAs are a Domestic Non-Stock Corporation; the ID# Prefix will be D.
2. The Federal Principal Business Code is 813000.
3. If the answer to question C of Section I is "No", complete question D and E in Section I and then skip Section II.
4. Section III on page 3 must be completed.
5. Sign and date the return,
6. Make a copy for your files!
7. Mail the document to State of MD Dept. of Assessment & Taxation as directed.
8. Within 30 days of filing or no later than May 15th, send a copy to MD PTA via snail mail -5 Central Ave. Glen Burnie, MD 21061 – fax: 410-760-6344 or email attachment to officeadministrator@mdpta.org.

FUNDRAISING FOR YOUR PTA

Use the 3-to-1 rule: "For every fund raising activity there should be at least three non-fundraising projects aimed at helping parents or children, or advocating for school improvements." ~National PTA

Fundraising should never be the primary focus of your PTA.

Set your goals and your budget before initiating any fundraising for your PTA. The PTA should:

- ✓ What programs is your PTA planning to help families or children?
- ✓ What programs is your PTA planning to *advocate* for school improvements?
- ✓ What funds will your PTA need to support those programs?

DETERMINE THE FUNDRAISING ACTIVITIES TO SUPPORT YOUR PROGRAMS

- ✓ Use the 3-to-1 rule
- ✓ Let your membership know what advocacy or education programs each fundraiser will support

ASSURE YOUR FUNDRAISING ACTIVITIES FALL WITHIN PTA AND HCPSS GUIDELINES

- ✓ Review the IRS and PTA's policies regarding non-commercialism from National PTA
- ✓ Review the PTA's guidelines published in National PTA's Quick Reference Guide for Treasurer's and MD PTA Cash Encounters.
- ✓ Review the HCPSS Fundraising Policy 4020
- ✓ Review the HCPSS Donations Policy 4010
- ✓ Assure that the fundraiser you are planning will not conflict with any fundraising activity being planned by your local school
- ✓ Read the PTA's insurance policy Loss and Control Guide and legal issues associated with any fundraising activity (product liability, personal injury, contract issues and taxes)

USE OF PTA FUNDS

CONSIDERATIONS:

PTA funds should always be used for the direct benefit of the students attending the school (plus PTA administrative expenses and leadership training).

The local PTA board of directors has the responsibility to make an informed decision concerning the spending of PTA money. Consideration should be given to the funds granted to the county education budget, the local school systems administration process for obtaining educational equipment and supplies, the curricular guidelines, staff development, and the local school needs.

Before approving proposals for material aid to the school, the PTA should consider whether or not the proposed expense of is one that should be supplied by public funds, e.g., and the education budget. PTAs can consider providing for EMERGENCY needs not funded in the budget, but this should be viewed as a stopgap measure taken while working to arouse public support and funding for the particular item.

Maryland PTA has created the following list of appropriate and inappropriate PTA expenditures. The list was reviewed and approved by the Executive Committee of the National PTA and the National PTA's attorneys for use in Maryland.

EXAMPLES OF APPROPRIATE PTA EXPENDITURES: (IN ALPHABETICAL ORDER)

- Awards
- Communication / Publicity
- Classroom / School Enrichment Programs
- Committee Expenses
- Cultural Arts
- Family Involvement Activities / Events
- Field Trips – The IRS requires that the PTA demonstrate how the field trip is directly related to curriculum. The PTA may be liable for injury or damages that occur during the field trip. Local PTAs should contact the insurance company to confirm coverage of the field trip
- Fund Raiser Expenses
- Guest Speakers
- Hospitality
- Insurance
- Leadership Training
- Legislative Activity
- Membership Supplies
- Memorials
- Parent Workshops / Seminars
- Postage and Stationery
- Promotional Items
- PTA Administrative Costs
- PTA Dues
- PTA Newsletters
- PTA Office Equipment
- PTA Programs
- PTA Publications
- PTA / School Related Celebrations
- Printing/Copy Costs
- Scholarships
- Students in Need
- Volunteer Appreciation

EXAMPLES OF EXPENDITURES TO AVOID: (IN ALPHABETICAL ORDER)

(The following items should be supplied by the local Board of Education)

- Capital Improvements
- Funding of School Personnel
- Janitorial Supplies
- Outside Equipment for Schools
- Principal's Discretionary Fund
- School Office Equipment
- School Presentation Equipment
- Teacher Development
- Technology - for school infrastructure

THE PTA FINANCIAL REVIEW (aka Audit)

A financial review (audit) is REQUIRED of every PTA to be completed after June 30 and ***before*** your first general membership meeting in Sept. This is required of your bylaws and your insurance policy.

Who can perform an audit? *A reviewer can be someone who has accounting experience OR a committee of not less than three (3) PTA members selected by the Board of Directors.*

Who should **NOT** be an auditor or audit committee member? *Anyone who could sign checks for the financial records being audited*

WHEN SHOULD A REVIEW BE DONE?

- Annually – *after the books are closed on June 30 and completed before the start of the new year.*
- Upon change of treasurer - *an audit should be done if there is a change in treasurer at any time other than at the end of the fiscal year.*

WHAT SHOULD BE PROVIDED FOR THE REVIEW?

The treasurer should deliver the following to the auditors:

- ✓ a copy of the last financial review
- ✓ checkbook and cancelled checks
- ✓ bank statements and deposit receipts
- ✓ treasurer's book or income/expense ledgers
- ✓ annual financial report
- ✓ itemized statements and receipts of bills paid
- ✓ check requests/vouchers
- ✓ a budget adopted by the membership (with any amendments noted with the adoption dates indicated)
- ✓ copies of all meeting minutes
- ✓ current bylaws and standing rules
- ✓ any other information requested by the auditor/auditing committee

THE PROCESS

The PTA fiscal years runs from July 1 – June 30. Establish if the audit is to cover a fiscal year or part of a fiscal year. This establishes the time period that should be covered in the audit. Usually, the audit covers a fiscal year and the results can then be used to provide information for use on tax returns. The audit requirement established by the PTA's bylaws is to review the PTA's annual report and to certify that it is correct. A sample annual report follows. To certify that the annual report is correct both the receipts/income and disbursements/expenditures must be reviewed. The receipts/income and disbursements/expenditure should be reviewed independently. This is an easier process to follow than trying to do both concurrently. The final summary actions will be addressed after the receipts/income and disbursement/expenditure actions are completed. The procedures for reviewing the financial information are provided in the following explanations.

FINANCIAL REVIEW (Audit) REPORT FORM

REPORT for _____ PTA

Date: _____

BALANCE on hand _____ \$ _____
Date of last audit

RECEIPTS _____ \$ _____
From last audit to date of this audit

TOTAL CASH _____ \$ _____

DISBURSEMENTS _____ \$ _____
From last audit to date of this audit

BALANCE ON HAND _____ \$ _____
Date

Last bank statement balance \$ _____

Deposits not yet credited by bank \$ _____

Total Outstanding Checks: \$ _____

	Check No.	Amount
List Checks:	No. _____	\$ _____
	No. _____	\$ _____
	No. _____	\$ _____

Balance in Checking Account \$ _____

ATTACH COPY OF ANNUAL REPORT (actual expenditures compared to approved budget showing all line items and approved adjustments)

I (We) have examined the books of the treasurer, bank statements, secretary's minutes, disbursement requests, annual report, and receipts of _____ PTA and find them to be correct.

Auditor's Signatures
(must be an auditor or at least 3 PTA members)

Date: _____

Comments can be written on issues that should be brought to the PTAs attention on back of page.

The ending balance should be the amount shown at the end of the year on the cash ledger and verified by using the process shown on most bank statements to resolve the account and adding any other transactions included in the audit. Notations should be made of any checks that have not been cashed but are included in the audit summary totals.

The approved budget and any subsequent budget amendments should be verified through the minutes.

Treasurer's reports should be reviewed. It is important that the reports are accurate and that current factual information is provided to board of directors for their review.

Comments should be provided at the end of the audit report noting any items that should be brought to the PTA's attention.

Some example items could be but are not limited to

- (1) the need to file federal tax, Maryland Charitable Solicitations Act, or sales tax forms,
- (2) failure to resolve bank statements,
- (3) exceeding budget amounts without authorization,
- (4) keeping poor financial records, etc.

COMMON MISTAKES TO LOOK FOR IN REVIEWING THE RECORDS

- neglecting to record returned checks and bank charges
- transactions are not entered in all documents
- reversal of numbers when entering amounts for transactions
- mistakes in arithmetic (adding and subtracting)
- written treasurer's report not being filed

A copy of the audit must be sent to MD PTA.

Send one of three ways:

1. MD PTA fax: 410-760-6344
2. Email attachment to office@mdpta.org
3. Snail mail: 5 Central Ave. Glen Burnie, MD 21061

DOES YOUR PTA MEET THE STANDARDS OF AFFILIATION?

As listed in Article IV, Section 1 in the PTA bylaws

- a) Adhere to the purposes and basic policies of the National and Maryland PTA;
- b) Remit the national and state dues to the Maryland PTA office by dates designated;
- c) Have bylaws approved every three (3) years according to the procedures of Maryland PTA;
- d) Have a minimum of twenty-five (25) members;
- e) Submit the name and address of the local president to the Maryland PTA office within two (2) weeks of election; (and PTA Council asks for the same information please)
- f) Remit bonding, liability and directors and officers insurance premiums by the date designated;
- g) Have an EIN from the Internal Revenue Service on file with the Maryland PTA;
- h) Maintain its status as a corporation , have as required by MD Non-Profit law, at a minimum a president, secretary and treasurer and
- i) Files the appropriate tax forms, by the required dates, with the IRS and MD Dept. of Taxation and submits a copy to the Maryland PTA office within 30 (thirty) days of filing. (990N/990EZ due Nov. 15; Personal Property Return due April 15,**
- j) Each local PTA shall submit a copy of its annual financial review, to Maryland PTA within one hundred twenty (120) days (*Oct. 31*) following the end of the local's fiscal year

Copy of all required tax forms sent to the IRS or MD Dept of Assessment/Taxation and the MD Office of Secretary Charities Division:

To MDPTA at office@mdpta.org or snail mail to MDPTA, 5 Central Ave, Glen Burnie, MD 21061

1. Audit Report - by Oct 31
2. 990N or 990EZ - by Nov. 15
3. Charitable Registration Renewal or exemption notice - by Dec. 30
4. Personal Property Return - by April 15