



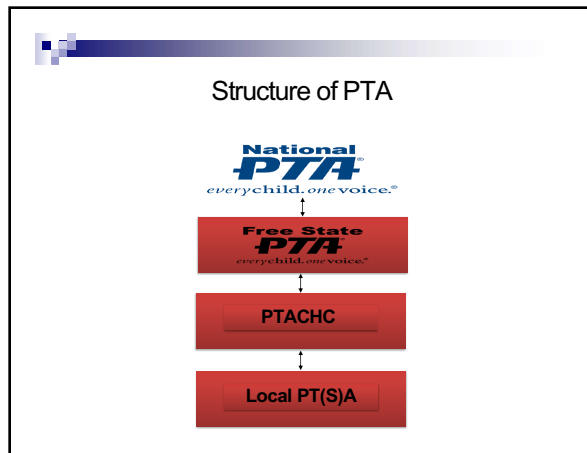
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## Mission & Purpose of the PTA

To make every child's potential a reality by engaging and empowering families and communities to advocate for all children.

- Collaboration
- Commitment
- Honoring Diversity
- Respect
- Accountability

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## PTA is a Business

- PTA is not a social club
- PTA must be run as a business
- PTA must comply with all local, state, and federal regulations
- When it comes to the PTA finances, you must rule with your head and not your heart
- Always remember, **IT'S NOT YOUR MONEY**

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## Board Responsibilities

- As an incorporated organization, board members of a non-profit corporation owe important duties to the organization they serve.
- These duties are imposed by the courts and by state and federal statutes.
- A break of these duties may lead to personal liability, loss of tax-exempt status, or both.

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## What is a Fiduciary?

A Fiduciary is a being who holds something in trust for another.  
 A PT(S)A board is charged with holding the well-being of the PT(S)A in trust for its members.  
 A fiduciary's responsibilities or duties are both **ethical and legal**.

The fiduciary - **the Board of Directors individually & collectively** - is expected to manage the assets for the benefit of the PT(S)A rather than for his or her own profit and cannot benefit personally from their management of assets.

The entire **Board of Directors individually & collectively** - is responsible for the actions of the PT(S)A!

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## What is a Fiduciary Responsibility/Duty?

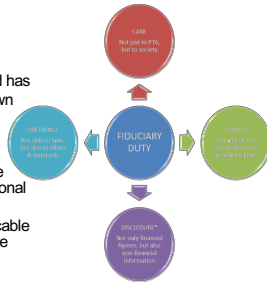
Each elected member of a nonprofit board has **three (3) LEGAL duties**, collectively known as their **"FIDUCIARY"** duty.

**Duty of Care:** to pay attention to the

organization's activities and operations;

**Duty of Loyalty:** to put the interests of the organization before personal and professional interests;

**Duty of Obedience:** to comply with applicable federal, state, and local laws; adhere to the organization's bylaws; and remain the guardians of the mission.



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## Duty of Care

- Attendance
  - Directors must attend Board/General meetings.
  - Directors who do not attend meetings are bound by the actions taken at these meetings and will be held responsible for any actions.
  - The act of failing to attend meetings may itself be deemed to be negligent behavior and should lead to removal from the board.
- Delegation vs Abdication
  - Actively monitor those who you have given authority to (committees)

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## Duty of Loyalty

- Board members commit allegiance to the organization.
- Acknowledge that the best interest of the organization must prevail over individual interests
- Actions and decisions must promote the organization's purpose (mission) and well-being rather than any personal interest

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## Duty of Obedience

- Follow the organization's governing documents:
  - Articles of Incorporation
  - Bylaws
- Carry out the organization's mission
- Ensure that the funds are used lawfully and follow organization's ordinances

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## Protecting Non-Profit Status

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## Tax Exempt Organization

- An exempt organization is:
  - A trust, association or corporation not organized for profit (i.e. nonprofit) that is described in the IRS Code as exempt from Federal Income Tax
  - All PT(S)As exempt status is 501(c)(3)
- Exempt Status
  - Benefits
    - Don't pay federal or state income tax
    - Contributions are tax-deductible

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## Jeopardizing Tax Exempt Status

- **Inurement/private benefit** – prohibited and restricted
- **Lobbying** – activities must be insubstantial
- **Political** – absolutely prohibited
- **Unrelated Business Income** – must not be primary purpose
- **Failure to file necessary forms**

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## Unrelated Business Income

- Could Lose Non Profit Status and require PT(S)A to pay Income Tax If IRS determines that:
  - Income is from a business
  - It is regularly carried on
  - And it is unrelated
- Remember The 3 to 1 Rule - three non-fundraising projects for each fundraiser
- Exceptions
  - Activities are conducted only once per year
  - At least 85% of the work of the activities is conducted by volunteers
  - Activity consists of selling donated items

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## Duties Of The Treasurer

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## What's a Treasurer?

- Elected custodian in charge of all PT(S)A funds
- Responsible for receiving and disbursing all monies as outlined in your bylaws
- Maintains all fiscal records in an accurate and concise manner that allows others to follow

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## PT(S)As in Maryland

- Operate on a Fiscal Year: July 1<sup>st</sup> – June 30<sup>th</sup>
- Operate on a CASH Basis
- Treasurer only counts funds that are **actually received** or spent between July 1<sup>st</sup> and June 30<sup>th</sup>
- Outstanding or unpaid bills are counted in the next year, when they are paid

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## When Taking Office

- File New Signature Cards With The Bank
- Verify Insurance Paid
- Obtain all Financial Login Information / FEIN
- Obtain the units Permanent Financial Records
- Only accept Previous Year Books if they've been financially reviewed

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### Duties - 1

- Review Bylaws Relating to Finances, Dues, and Treasurer's Duties
- Review Previous Year Files and Permanent Records
- Only use an Approved Budget
- Properly Receive, Deposit, and Disburse Funds
- Maintain Accurate Records
- Retain All Original Receipts, Bank Statements, and Cancelled Checks (if your bank provides them)
- Prepare/Present Written Reports for All Meetings
- Attend all meetings and Serve on the Executive Committee and Board of Directors

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### Duties - 2

- Prepare the Budget/Chair the Budget Committee
- Work closely with all committees (especially Membership and Fundraising Chairs)
- Forward State and National Dues to Free State PTA
- Pay PTACHC dues
- Keep Financial Records Organized and Updated

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### Duties - 3

- Prepare and Submit Forms
  - 990EZ or 990N(e-postcard)
  - IRS Form 1099 and 1096 submittal form, if needed
  - State Charitable Solicitation Reports
  - State Sales and Use Tax Forms (file \$0)
  - State Personal Property Report
  - Insurance
- Deliver All Records to Successor

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### Financial Management

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### Bookkeeping - 1

- Simple
- Consistent
- Accurate
- Reliable
- Easily Understood
- Track Receipts and Disbursements by Accounts
  - Operational
  - Organizational
  - PT(S)A Objectives ( Program Services )
  - Fundraising

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### Bookkeeping - 2

- Reconciliation of Accounts
  - Bank Statements – Signed, Dated and Reconciled Immediately Upon Receipt from Bank by Treasurer
  - PT(S)A President and Non-Check Signer Should Always Review the Bank Statement, Sign and Date
  - Record Any Interest Earned or Bank Service Charges in the PT(S)A Ledger
  - Paper Bank Statements Always Mailed to Unit's School
  - Electronic Bank Statements are OK

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## Receipts & Deposits - 1

- Two People Should Always Count Cash and Sign a Cash Verification/Receipt Form
- All Checks Should be Endorsed Immediately
- All Money Should be Deposited in Bank daily
- May use Remote Deposit for Checks
- Develop an Income/Deposit Form
- Issue Receipts/Thank You Letters for donations

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## Receipts & Deposits - 2

- Never place PT(S)A funds in a school safe
- Money is only deposited in the PT(S)A bank account
- Money should never be kept at any member's house

PT(S)As are **not** a pass-thru for the school or any other organization.

For example: the school cannot give money to the PT(S)A and then ask the PT(S)A to write a check to a vendor on their behalf.

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## Disbursements - 1

- No Blank Checks Are Ever Issued or Signed
- No Bills Or Reimbursements Are Paid In Cash
- All Authorized Bills Should Be Paid By Check or e-Banking with proper internal controls
- Do Not Pay Any Bill or Reimbursement Without a Receipt or Invoice
- Develop Reimbursement Form

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## Disbursements - 2

- Never Write a Check Payable to "Cash"
- Checks and E-Checks Must Be Signed By Two Authorized Persons
- ACH Payments must have internal controls in place
- Authorized Signers Should Not Be Related or Live In The Same Household
- All Disbursements Should Be Promptly Recorded in the PT(S)A Ledger

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## Free State PTA Credit Card, E- Banking, & E-Commerce Policy

A PT(S)A's membership may vote to authorize one or more of the following e-commerce options. The PT(S)A must include the corresponding language in their standing rules or adopt a separate policy. PT(S)As that are adopting this language as a separate policy should note that all standalone policies must be reviewed and adopted annually.

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## Free State PTA Credit Card, E- Banking, & E-Commerce Policy

### Recurring Payments

Recurring payments for PT(S)A expenses may be set up to be deducted directly from the bank account. At the first membership meeting of the year, a motion is made to approve the recurring payment to the specific vendor.

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### Free State PTA Credit Card, E- Banking, & E-Commerce Policy

#### Credit/Debit Cards

Cards are issued to authorized signers on the bank account and include the name of the PT(S)A.

- Each account should have the President and Treasurer and a backup executive board member as signatories
- No two signatories should live in the same household
- All signatories are **required** to sign a credit card policy agreement and a credit card use agreement.

No cash transactions (ATM, cash back, etc.) are allowed.

The cards are in the possession of the Treasurer and are used by members of the executive board via a checkout log for approved expenses only (approved budget items). The log is kept with the Treasurer's book for record purposes.

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### Free State PTA Credit Card, E- Banking, & E-Commerce Policy

#### Credit/Debit Cards (Cont'd)

Prior to the use of the credit or debit card, a funds/disbursement request form is completed and submitted. Following the purchase, the receipt is given to the Treasurer and attached to the funds/disbursement request form.

A change in signatory on the checking account requires a change in signer on the credit card, and a financial reconciliation shall be performed. This also applies when fraud or misuse of the card has been discovered.

If the card is lost or stolen, the account must be reconciled to identify any unauthorized transactions.

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### Free State PTA Credit Card, E- Banking, & E-Commerce Policy

#### Online Banking

- At least one person who is not on the bank account as a signatory, should have view only privileges.
- The Treasurer should have full online banking privileges. The other signatories should have viewing and approving privileges only.
- It is required that automatic account activity notifications be sent when money is deducted from bank account.
- If the bank allows, you may utilize an approval system that holds charges until it is electronically approved by another signatory.

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### Free State PTA Credit Card, E- Banking, & E-Commerce Policy

#### Alternative for banks that do not have this electronic approval process:

- Create a pre-approval process for charges (online, ACH, and credit card) that shows that all signatories agreed to an anticipated charge
- Charges should be within budget
- A form can be completed and signed verifying that all parties agree to the charge  
(This form shall be submitted with the disbursement form)

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### Free State PTA Credit Card, E- Banking, & E-Commerce Policy

#### Online & Point of Sale Payment Collection Systems

- The PT(S)A membership must approve the use of an online and/or point of sale payment collection system.
- The payment collection system must be in the PT(S)A's name.
- The payment collection system's statements must be clear with detailed and accessible information on a real-time basis. The PT(S)A must have immediate access to know who has paid, the purpose of the payments, and the expected cash transfer amount.
- Associated fees are budgeted as an expense line item and are accounted for and reported in every financial report. The PT(S)A must check for these fees often to ensure that the financial statement is accurate and that the fees are correct.

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### Free State PTA Credit Card, E- Banking, & E-Commerce Policy

#### E-Commerce Policy

- Reconciliations must occur on a monthly basis. Whether a manual or automatic transfer to the PT(S)A bank account occurs, transfers should occur at least monthly and proper documentation is required as with a traditional bank deposit. For daily deposits, a weekly summary of the deposits may be documented on a single deposit form. The deposit form should have the online transaction confirmation attached and does not need counters' signatures as you are receiving a bulk deposit.
- The deposit form should include the amount of the deposit, which budget lines are impacted including the incurred fee budgeted expense. Alternatively, if fees are charged monthly, a funds request form should be used to document.

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## Free State PTA Credit Card, E- Banking, & E-Commerce Policy

### E-Commerce Policy (Cont'd)

- The payment collection system must be Certified Compliant with the Payment Card Industry Data Security Standards (PCI DSS).
- Card numbers are not to be written down for any reason. Only swiped transactions that are immediately authorized, via internet or phone access, are accepted. The PT(S)A does not swipe or store transactions for later settlement.
- In the case of electronic payment disputes, the PT(S)A should be familiar with the payment collection system's policies on challenging a disputed payment. Any challenge of payment must be responded to promptly and accurately.

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## Free State PTA Credit Card, E- Banking, & E-Commerce Policy

### E-Commerce Policy (Cont'd)

- Only the PT(S)A Treasurer has access to issue a refund to the customer. Confirming a refund requires the same approvals and documentation as required for a funds request form. The authorized refund is recorded in the check registry prior to withdrawal. If merchandise has not already been provided, goods and services are withheld until the dispute is cleared. If the dispute is not resolved favorably, the action is treated in the same manner as a non-sufficient funds check.

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## Free State PTA Credit Card Agreement

I, \_\_\_\_\_, I understand that I am required to follow Free State PTA's credit card policy. If my credit card becomes lost or stolen, I will notify the proper authorities- including but not limited to Free State PTA's Board, bank and police, as soon as the problem has been identified. I will cooperate with the appropriate authorities to rectify the situation. I agree to keep the card secured at all times.

I agree to surrender the credit card within 7 days, to the current Treasurer or President, upon leaving office; and immediately, if being removed from office. I agree that any charges made during the transitional period while the card is still in my possession will be my sole responsibility (if charges were not previously approved in writing); unless there are allegations of fraud.

Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature: \_\_\_\_\_ Position: \_\_\_\_\_

Internal Use Only  
Form Received by: \_\_\_\_\_ Date: \_\_\_\_\_  
Position: \_\_\_\_\_

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## Reporting

- Written Reports Should Include:
  - Period Covered
  - Balance on Hand at Beginning (must match prior period end balance)
  - Itemized Detail of Amounts Received and Credited to the Accounts with Subtotals
  - Itemized Detail of Amounts Disbursed by Accounts with Subtotals
  - Balance on Hand at End of Period
  - Comparison of Actual to Budgeted Amounts

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## Budgets

***"A PTA renders a greater service by working to secure adequate funding for programs that have a more enduring benefit than purchasing equipment for schools. PTAs should not contribute to the problem of inequities within a school district by excessive fundraising."***

*-National PTA 2008-2009 Money Matters*

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## Considerations

- 3-1 Rule – Three Non-Fundraising Projects to Each Fundraiser
- One Well Planned Annual Fundraising Project May Be All You Need
- Funds Cannot be Spent Until the Budget is Approved

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## Budget Process - 1

- Identify Goals and Objectives of the PT(S)A
  - Determine if appropriate for PT(S)A
  - List programs, projects and activities
- List Operating and Organizational Items
- Analyze Past Activities
- Determine Revenue/Expenses of Each Activity
- Assure Your Budget Balances
  - Revenues must equal expenses for the year
- Should budget a start up amount for the next year
- You do NOT need to have \$0 in your bank account at the end of the year

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## Budget Process - 2

- **Determine Possible Revenue Sources**
  - Membership Dues
  - Donations
  - Corporate Sponsorships
  - Grants and Awards
  - Advertising
  - Fundraising
  - Carryover Funds

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## Budget Process - 3

- **Who**
  - Developed By a Budget Committee
  - Usually Chaired by Treasurer
  - Includes Other PT(S)A Leaders
  - Need Knowledge of What Has Occurred in the Past
  - Need Knowledge of Future Plans
- **When**
  - During Planning Period for New Officers
  - Usually Occurs During the Summer

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## Budget Process - 4

- Obtain Approval
  - Reviewed and approved by the board of directors
  - Presented to and ratified by general membership at a general membership meeting
- Amend When Necessary
  - Not a brick wall
  - Only an estimate of expenses and revenues
  - Should be reviewed frequently
  - Can only be amended by the general membership at a general membership meeting

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## Recommended Expenses - 1

- |                          |                           |
|--------------------------|---------------------------|
| ▪ Guest Speakers         | ▪ Postage & Stationary    |
| ▪ Hospitality            | ▪ Promotional Items       |
| ▪ Insurance              | ▪ PT(S)A Dues             |
| ▪ PT(S)A Training        | ▪ PT(S)A Newsletter       |
| ▪ Advocacy Activity      | ▪ PT(S)A Office Equipment |
| ▪ Parent Workshops       | ▪ PT(S)A Publications     |
| ▪ Volunteer Appreciation | ▪ Copying                 |

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## Recommended Expenses - 2

- Scholarships
- Awards
- Committee Expenses
- Cultural Arts
- Family Involvement
- Carryover Funds
- Fundraising Cost
- Memorials
- Needy Student Assistance
- Teacher Appreciation
- PT(S)/School Related Celebrations
- Communications
- Bank Fees

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## PT(S)As Should Not Cover HCPSS Responsibilities

- Basic School Supplies
- Capital Improvements
- Funding of School Personnel
- Janitorial Supplies
- School Office Equipment
- Playground Equipment
- Presentation Equipment
- Teacher Development
- Technology
- Principals Discretionary Fund

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## Gifts to Schools

- Never just write a check to the school for discretionary use.
- If possible, gift money directly to the school rather than purchasing the gift item(s) yourself.
- Monetary donations should utilize a grant process and gift letter. (Preferred.)
- Always use a Hold Harmless Agreement when donating property directly to any school.
- Having the principal approve grant requests to ensure that they are aware of the need(s) and that the request is not already funded in the school's budget.

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## Funding Sources

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## Membership

- Determined According to Bylaws
- State, National, and Local Council Dues to be Remitted by Pre-Determined Dates
- Provides Revenue For Operating Expenses
- Family Memberships Are Not Recognized

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## Donations - 1

- Contributions to PT(S)As are Tax Deductible
- Quid Pro Quo
  - Contributions over \$75.00 with goods or services returned to donor require acknowledgement of allowable charitable deduction
  - Contributions over \$250.00 with no goods or services received require acknowledgement

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## Donations - 2

- Acknowledgment: PT(S)A name, \$ amount, Date, Statement regarding goods and services
- Donors claiming a monetary charitable contribution deduction of any amount cannot take the income tax deduction unless they have a cancelled check, bank record, or acknowledgement
- Benefits valued at less than \$12.50/year need not be stated in the acknowledgement

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## Corporate Sponsorships

- Commercial Concerns Provides Items (cash, products, know-how) in Return for Acknowledgement
  - Limit to Expression of Thanks
  - List Identifying Information
  - Cannot Make Judgment of Sponsor Product
  - Cannot Request Patronage
  - Endorsements Are Not Appropriate

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## Grants & Awards

- Governmental
- Commercial
- National PTA

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## Advertising

- IRS – The Sale of Advertising In A Periodical Containing Editorial Material of An Exempt Organization Is Unrelated Business Income
- National PTA Acceptable – If In Accordance With Postal Regulations (<10% of total space devoted to ads)
- Does Not Jeopardize Objects and Nonprofit Status

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## Gaming

- Raffles, Bingo, Casino Nights, etc.
- Consider Carefully
- Gambling Is Not Charitable
- Income Is Unrelated
- May Be Regulated or Prohibited By Local and State Authorities
- Revenue & Expense Records Must Be Maintained

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## Examples of Fundraising

- Catalog Sales
- Festivals and carnivals
- Book fairs, street fairs, science fairs
- Athletic events and field days
- Dramatic productions and musical programs
- Fun nights, meals, parties and socials
- Rummage, garage and white elephant sales
- Sale of refreshments at school and PT(S)A events
- Arts and craft sales

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## Practical Considerations - 1

- Does it adhere to the Mission and Purpose of PTA?
- Does it use or exploit children?
- Will it create goodwill for the PT(S)A?
- Is it a recreational, social or educational activity that serves as a positive example for children and youth?
- Are there local, state or federal laws that apply?
- Will it provide the revenue to help meet our goals?
- Did the committee submit a plan of work?
- Are special permits needed?

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## Practical Considerations - 2

- Is the liability of the PT(S)A protected?
- Did the president sign the contract?
- Do we have enough volunteers?
- Have procedures been established to safeguard the handling of money and products?
- What are the cost of using a facility?
- How long is the event going to be held?
- Are fire laws and safety precautions strictly observed?
- Is it accessible to people with disabilities?
- Is it an infrequent or ongoing activity?

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## Record Retention

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>▪ <b>Permanently</b> <ul style="list-style-type: none"> <li>▪ Articles of Incorporation</li> <li>▪ Annual Financial Reviews</li> <li>▪ Any IRS Documents</li> <li>▪ Insurance Records</li> <li>▪ Minutes</li> </ul> </li> <li>▪ <b>10 Years</b> <ul style="list-style-type: none"> <li>▪ Budgets</li> <li>▪ Financial Statements</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>7 Years</b> <ul style="list-style-type: none"> <li>▪ Cash Receipts Records</li> <li>▪ Cancelled Checks</li> <li>▪ Disbursement Request</li> <li>▪ Bank Statements</li> </ul> </li> <li>▪ <b>1 Year</b> <ul style="list-style-type: none"> <li>▪ Deposit Slips</li> <li>▪ Bank Reconciliations</li> </ul> </li> </ul> |
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## Treasurer's (Permanent) Files

- IRS Determination Letter/Incorporation paperwork and Bylaws
- Previous Budgets
- Previous Annual Financial Reports
- All Previous 990's and IRS Correspondence
- Md. Charitable Solicitation Acts Registration
- Previous Personal Property Returns
- All Financial Review Reports

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## Financial Review

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## Financial Review vs Audit

- There is a difference between an Audit and a Financial Review
- An Audit is an extensive external process performed by a certified public accounting firm (CPA) for a fee
- A Financial Review is an internal process performed by the three (3) members of the Financial Review Committee
- The PT(S)A only needs to conduct one (1) of these options

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## Purpose of Financial Review

- **To Certify** the accuracy of the books and records
- **To Assure** the membership that assets are being managed in a businesslike way
- **To Verify** that the executive board has fulfilled its fiduciary responsibility
- **To Satisfy** bylaw requirements

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## When & Who

- A Financial Review needs to be conducted annually at the end of the fiscal year and when there is a change of treasurer or other authorized signature holder
- Any 3 PT(S)A members who didn't have signature authority for the financial records being reviewed

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## What Should Be Provided

- Copy of last review
- Checkbook and cancelled checks
- Bank statements and deposit slips
- Treasurer's book or ledger
- The annual financial report
- Financial Review Report
- All Financial Reports
- Itemized statements and receipts
- Check Requests
- Budget & Amendments
- Copies of Minutes
- Current Bylaws
- Any other information

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## Financial Review Process

- Determine the Fiscal Year
- Establish the Period the Financial Review Will Cover
- Review Receipts/Income
- Review Disbursements/Expenditures
- Summary Actions
- Report

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## Process Detail Receipts/Income

- The following should be reviewed concurrently to validate all receipt transactions:
  - Bank Statements
  - General Ledger/Checkbook/ Ledger/Deposit Slips
  - Receipt Forms
  - Any bank credits listed on the bank statements

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## Process Detail Disbursement/Expenditures

- The following should be reviewed concurrently to validate all disbursement transactions
  - Bank Statements/Cancelled Checks
  - General Ledger/Checkbook Ledger
  - Disbursement Request with Receipts
  - Each bank charge listed on the bank statement

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### Process Detail

- The starting balance for the fiscal year should be verified from previous review
- Verify outstanding checks have been cashed for the amount reported in the previous financial review report

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### Process Detail

- The ending balance should be verified
- Notations should be made of any checks that have not been cashed but are included in the financial review summary totals
- The approved budget and any subsequent budget amendments should be verified
- Treasurer's reports should be reviewed

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### Process Detail

- If all is in order, the auditor or financial review committee should sign a statement indicating that the records are correct
- A report must also be submitted in the event there are not adequate records available to conduct a proper accounting
- Comments should be provided at the end of the review report noting any items that should be brought to the PT(S)A's attention

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### End of Process

- The financial review report must be officially adopted by the association and must be included in a completed annual report covering the association's entire year
- If the validity of the financial review report is questioned, an independent certified public accountant should be engaged

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### Common Mistakes

- Neglecting to Record Returned Checks and Bank Charges
- Transactions Are Not Entered In All Documents
- Reversal of Numbers
- Mistakes in Math
- Written Reports Not Filed

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### Forms, Forms, Forms

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### IRS 990 Forms - 1

- Return of Organization Exempt From State and Federal Income Tax
  - 990 – Gross Receipts Over \$200,000
  - 990-EZ – Gross Receipts \$50,000 to \$200,000
  - 990-N – Gross Receipts Normally Less Than \$50,000

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### IRS 990 Forms - 2

- Filed By The 15<sup>th</sup> Day Of The 5<sup>th</sup> Month After The End Of The Fiscal Year (Nov. 15<sup>th</sup>)
- Loss of Tax Exempt Status If Failure To File For 3 Consecutive Years
- Public Inspection Requirement (Fine \$20/day)
- Failure to respond to IRS request by deadline (Fine \$10/day)
- 990-EZ and 990-N must be filed electronically

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### IRS 990 Forms - 3

- 990-EZ Return of Organization Exempt from Income Tax
  - Income Statement/Balance Sheet
  - Statement of Program Service Accomplishments
  - List of Officers and Directors for Year of Report
  - Copy of Significantly Changed Bylaws
  - Required Schedule A – Organization Exempt Under 501c3 and Schedule O – Supplemental Information
  - Possible filing of Schedule B, C, or G

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### IRS 990 Form - 4

- 990-N Return of Organization Exempt From Income Tax
  - E-postcard
  - EIN and Tax Year
  - Organization's legal name and mailing address
  - DBA name required if not displayed
  - Name and address of Principal Officer – President
  - Confirmation that organization's annual gross receipts are normally \$50,000 or less

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### Charitable Solicitation Act - 1

- A Charitable Organization is required to register with the Secretary of State before they can hold fundraisers, membership drives, or solicit contributions in any way in Maryland.
- Required To Register With Office of Secretary of State if gross income is at least \$25,000
- If income is under \$25,000 - Required to file Exempt Organization Fund-Raising Notice
- Required To Report Annually by December 31st
  - Exempt Organization Fund-Raising Notice (if income under \$25,000)
  - Annual Update of Registration (if income greater than \$25,000)
- Graduated Annual Fee Determined By Receipts

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### Charitable Solicitation Act – 2

#### Annual Update of Registration

If income is between \$25,000 and \$50,000, must file form COF-85.

#### Fees

- |   |       |
|---|-------|
| • Income at least \$25,000 but less than \$50,001   | \$50  |
| • Income at least \$50,001 but less than \$75,001   | \$75  |
| • Income at least \$75,001 but less than \$100,001  | \$100 |
| • Income at least \$100,001 but less than \$500,001 | \$200 |
| • Income \$500,001 and above.                       | \$300 |

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## IRS Form 1099 and 1096

- 1099-NEC – Non-Employee Compensation
- Deadline – January 31st
- Payment of \$600 in the Calendar Year for services, not goods, to an individual
- Not required If Paid To A Corporation
- Find out if a 1099 is necessary by asking for a W-9
- Requires Form 1096 Transmittal form due January 31st
- Cannot be filed electronically

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## Personal Property Return

- Required Of All PT(S)As
- File by April 15<sup>th</sup>
- Late Penalties Apply (\$25.00 per month)
- Failure To File Results In Loss of Incorporation Charter
- Provides Annual Report of Corporate Officers, Directors, and Related Information

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## Sales and Use Tax

- Must Pay Maryland Sales Tax on Purchases unless the PT(S)A has a Sales Tax Exemption Certificate
- Non Profits are No Longer Required to Collect or Remit Maryland Sales Tax

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## Contact Information

PTA Council of  
Howard County

5451 Beaverkill Rd.  
Columbia, MD 21044  
(410) 740-5153

Laurie Ramey, [treasurer@ptachc.org](mailto:treasurer@ptachc.org)  
Sarah Rehling, [office@ptachc.org](mailto:office@ptachc.org)

Documents, [soa@ptachc.org](mailto:soa@ptachc.org)

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## Additional Resources

PTACHC  
[www.ptachc.org](http://www.ptachc.org)

Free State PTA  
<https://www.fspta.org>  
Treasurer: Bruce Butz, [bbutz@fspta.org](mailto:bbutz@fspta.org)  
Documents: [soa@fspta.org](mailto:soa@fspta.org)

National PTA  
<https://www.pta.org>

PTACHC has a closed Facebook group for Howard County PT(S)A officers – find a link to it on PTACHC's website on the bottom of the home page

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## Thank you!

Your time and dedication in the  
service of PTA is greatly  
appreciated.

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