

**TREASURER**

**2020 – 2021**

**Section 5**

# INTRODUCTION

The treasurer is the authorized custodian of the funds of the association. However, the president, who bears full responsibility for the affairs of the unit, and board members, who have a fiduciary responsibility to the organization, should have a complete understanding of all financial matters.

The treasurer receives and disburses all monies as prescribed in the local unit bylaws, the adopted budget or as authorized by action of the association. Through adoption of the budget, the membership determines how all PTA funds will be earned and spent.

A unit's money does not belong to the treasurer. Even if the treasurer does not agree with the membership's decisions about the budget, he is obligated to follow the will of the organization. Additionally, the financial records are the property of the PTA, not an individual officer. A treasurer should never refuse to turn all records over to a successor or to an auditing committee.

Many units move thousands of dollars through the PTA account. For the protection of both the PTA unit and the treasurer, it is important that funds be handled in a manner that allows every dollar to be traced. Some requirements may seem tedious but it is time well spent.

## RESPONSIBILITIES OF THE TREASURER

- Study references to dues and finances in the bylaws and standing rules.
- Attend district, LAPTA and NPTA workshops, trainings and conventions.
- Before accepting books, make sure they have been audited.
- Change signatures on all accounts.
- Act as sole custodian of the checkbook.
- Chair the budget committee.
- Present the proposed budget to the general membership for approval.
- Receive all monies and deposit them in a timely manner.
- Make disbursements with a check as authorized by the association in accordance with the adopted budget.
- Keep an accurate and detailed account of all monies received and disbursed.
- Submit a financial statement at all association, board of directors and executive committee meetings
- Make an annual report to the association.
- Present to the audit committee all materials necessary for the review.

# REFERENCE MATERIALS

The treasurer should have copies of and be familiar with the following reference materials:

- Local unit bylaws and standing rules
- Back-to-School Kit finance section
- Prior financial records

Gather the recommended reference materials and read them. If all money is received and spent within the rules set by the PTA bylaws, the adopted budget and the IRS, the chances that you will have problems decrease dramatically.

## PRINCIPLES OF PTA FINANCIAL MANAGEMENT

***All PTA funds should be deposited in the PTA's bank account, never in a personal, school, or organization's account.***

Each local PTA unit is an independent 501(c)(3) organization that works closely with its supported school. PTA funds are considered, by law, to be private funds -- those donated or raised by the membership and deposited for the exclusive use of the organization. School accounts consist of public funds -- those generated through taxes and distributed to the schools via legislation or other acts of government. The school is, therefore, accountable to the public for the expenditure of its funds. Funds raised by the PTA belong exclusively to the membership. They are not reportable as are public funds except to the membership of the local unit. PTAs are not required to provide financial reports to the school administration or school board. Therefore, all PTAs must maintain separately controlled accounts that are under the direct jurisdiction of the PTA and its board of directors. School officials have no control over PTA funds except to the extent that a PTA works in cooperation with the principal to determine school needs and PTA assistance in meeting those needs.

***Without an approved budget, there is no authorization to expend funds.***

This is why it is important that every budget have a line item for carry over funds. These funds provide for the purchase of items prior to budget approval.

***Any amendment to the budget must be approved by the general membership.***

Any additional proposed expenditure or fundraising project, not provided for in the budget, must be presented to the association for approval before proceeding with the project or payment.

***Do not record the National and Louisiana PTA portions of dues as unit income.***

These funds are not a source of revenue to the local unit and, therefore, are not included in the calculation of gross income.

***Never issue or sign a blank check or one made out to cash.***

A check can be written in advance with everything filled in but the amount. Proper documentation would be required as with any expenditure.

Never write a check to “cash.” If a start up fund or change is needed, the check should be made payable to the person responsible for the fund or change.

***Always have two people sign checks.***

Every local unit’s bylaws require this. Individuals authorized to sign checks should not be related to each other by marriage or any other relationship nor should they be a part of the same household.

***Do not allow another organization (including the school) to pass its money through PTA accounts.***

All money deposited into a PTA account is considered PTA funds by the IRS and must be reported as such.

***Pay bills with a check. Never pay with cash.***

***Bond all officers and chairs who handle money to protect the association’s assets.***

***Always have deposits counted by two people.***

***Always issue a receipt for cash received.***

## **THE BUDGET**

The budget is a financial guide that outlines estimated income and expenditures based on your unit’s goals. To be effective, the budget must determine what realistic expenses will be for the year and how to secure the necessary funds to meet these disbursements.

The budget should cover your fiscal year. The fiscal year is a 12-month period at the end of which all accounts are completed in order to furnish a statement of organization’s financial condition. A unit’s fiscal year is specified in its bylaws.

PTAs primary focus is not fundraising. A unit should raise only what is needed to meet expenses. Money raising activities should not absorb so much time, thought and effort that other projects are neglected and the attention of members is diverted from the Purposes of PTA.

As soon as your unit’s budget is approved, the local unit budget approval form should be completed and sent to both your district president and the LAPTA Office. Submission is required to maintain a unit’s good standing.

## The Budget Committee

The treasurer is the chair of this committee. Usually composed of three to five members, it has the responsibility for developing a proposed budget. Members might include the past and current president, past treasurer, ways and means chair and the principal. The election or appointment of committee members should be specified in a unit's bylaws or standing rules.

## Developing the Budget

In developing the budget, the committee should:

- review the previous year's budget and treasurer's reports to determine how well that budget met the unit's needs.
- gather information from officers and committee chairs about their planned activities and financial needs for the coming year.
- consider sources of funds to meet these requirements.

There are two approaches to budget development and either is acceptable.

- If a unit has identified particular programs or projects to conduct, it may want to budget expenses first. Knowing the expense figures helps determine how to earn the necessary revenue.
- A unit may prefer to budget revenues first and then determine which programs and projects it can fund.

A budget is divided into two sections -- income and expenses. In every budget, total income must equal total expenses.

There should be a line item for every major category of income and expense. A small discretionary fund for unanticipated expenses should also be included. The budget should be simple enough to be understood but detailed enough to permit all income and expenses to be correctly categorized.

## Income

- Recurring income such as membership. (The budgeted amount would be the estimated number of members times the local portion of dues. The Louisiana PTA and National PTA's portion of dues is not part of a unit's income.)
- Fundraisers. (Sales should be stated as the gross income – the amount deposited.)
- Donations or grants
- Interest income
- Miscellaneous (Line item for an unexpected source of income.)

## Expenses

Generally, expenses fall into three main categories -- operating costs, annual funding items and special projects. The budget should also include a line for carry over funds.

## Operating costs

These are expenses required to run your PTA unit and conduct planned fundraisers. Each fundraiser must have a line item in both the income portion of the budget (for funds received) and in the expense portion (for the costs of conducting the fundraiser).

Operating expenses can include:

- **Administration** -- notebooks, copying, supplies, postage, and telephone calls, etc.
- **Fundraisers** – merchandise and other costs related to a fundraising activity.
- **Insurance**
- **Incorporation**
- **Leadership, programs and parent education** - newsletter printing and mailing, speakers, materials for a PTA library, special programs such as Reflections, etc.
- **Leadership training** – expenditures related to sending members to training opportunities. Attending PTA training opportunities such as district workshops, and the LAPTA and National PTA conventions ensure that your leaders are well trained and that your board and, ultimately, your membership is well informed and educated with regard to both PTA business and issues that affect children.

## Annual Funding Items

These costs would include items your unit provides every year such as scholarships, mini-grants, teacher allotments, donations to the Louisiana PTA scholarship fund, life service awards or grounds improvement.

## Special Projects

Usually these are major, rather expensive, one time purchases such as playground equipment or computers.

## Carry Over Funds

These funds are to be used for items that have to be purchased prior to budget approval. Following approval of the budget, these expenses should be applied to the appropriate line item in the budget.

One of the most frequently asked questions is how much may be carried over from one year to the next. There is no set amount, although it is best if most funds earned within a year are spent in the same year. The amount of carry over is based on what funds are needed to continue PTA business until the budget is approved and the next income opportunity is available. This amount will vary from one PTA unit to another.

## Obligating Future Boards

As a 501(c)(3) organization, a PTA cannot obligate future boards to a contract or particular expenditure. A future board is not required to spend funds as designated by the previous board. Large, long-term projects should be very carefully planned and undertaken only if there is strong support from the principal and general membership.

## Budget Approval

The treasurer presents the proposed budget to the board of directors for consideration. The board of directors does not have to take a vote of approval on the budget. The budget is reviewed by the board of directors to make sure all committee expenses have been included.

The proposed budget is then presented to the general membership for approval. The budget should be presented item by item to allow for discussion and amendment. A majority vote is required for adoption.

## Amending the Budget

Since the budget is only an estimate of the planned expenditures and income for the year, from time to time amendments may become necessary. Amendments can be made at any general membership meeting or special meeting called for that purpose. A majority vote with previous notice or two-thirds vote with no notice is required to pass the amendment.

# TREASURER'S NOTEBOOK

The treasurer's notebook should include the following:

- a copy of the approved budget
- the monthly bank statements with reconciliations
- copies of the monthly reports - activity and budget comparison reports for all executive committee, board of directors and general membership meetings
- completed expense statements or check request forms
- completed income summary forms
- copies of minutes from all executive committee, board of directors and general membership meetings
- reference materials
- a copy of unit's bylaws and standing rules
- the treasurer's section of the LAPTA Resource Guide
- miscellaneous papers including correspondence
- ledger system or back up computer disc
- a receipt book to acknowledge cash received
- the checkbook to disburse funds as authorized

**Additionally**, the treasurer should have a copy of or know where the following records are kept:

- permanent IRS information including the EIN assignment letter and copies of filed 990s and other required IRS forms
- permanent state tax information such as permits, state identification numbers, and reports filed
- annual and audit reports

Refer to the records retention section in the PTA Money Matters Quick Reference Guide for guidelines to develop a records retention policy for your unit.

# BANKING

## Employer Identification number (EIN)

An EIN, also known as a Federal Tax Identification Number, is a nine-digit number assigned to business entities by the Internal Revenue Service. A unit's EIN identifies it as a non-profit organization.

Each PTA is required by the Louisiana PTA to apply for an EIN when it is organized. The application can be completed online at [www.irs.gov/businesses/small](http://www.irs.gov/businesses/small).

This number should be used on all bank accounts and tax returns. Never use an individual's Social Security Number to open a bank account. Once this number is assigned, a copy of the letter should be sent to the Louisiana PTA office and the district president.

## Signature Cards

Acquire signature forms from a bank for checking and any other accounts. The treasurer must be listed on the forms to be authorized to sign checks and withdraw funds.

All PTA checks should require two signatures. Only current elected PTA officers should have authority to sign checks. Consider having at least three people authorized to sign checks for times when one person may be unavailable. **A school employee should have signature authority on a PTA account only if he is an elected officer of the PTA.**

## Checking Account

Every unit should have its own bank account. Banks require an IRS Employer Identification Number (EIN), also known as a Tax ID number, and articles of incorporation to open an account. Never use an individual's social security number to open a PTA account. Each unit must have its own EIN. Local units cannot use a school or school district's EIN. To acquire an EIN, file Form SS-4 with the IRS.

## Savings Account

A unit may have a small contingency savings account to maintain financial stability in the event of unplanned expenses or an unexpected decrease in income. As a guide, the amount in the account should not exceed one-half of the unit's budget for an average year.

## Deposits

It is important that the treasurer receive all funds for the PTA and promptly deposits them into the PTA's bank account; handles only PTA funds and does not deposit funds of other organizations into the PTA account. A signed income summary form should accompany each deposit turned into the treasurer. (Sample included in the forms section.)

Two people should count all deposits. The chair turning over the money should keep a copy of the income summary form or request a receipt from the treasurer for her records.

The treasurer should not keep cash in his/her car or home. The deposit should be made the day of the event or collection of money, if at all possible. If a large amount of money is to be collected at a time when the banks are not open, arrangements should be made ahead of time to make a night deposit. If money cannot be deposited in the bank immediately,

establish advance arrangements with the principal to use the school safe. Prior to placing money in the school safe, it must be counted by two PTA board members. Document the amount and sign. The principal may require that a school representative verify the documentation.

After making a deposit, the treasurer should attach a copy of the deposit slip, the bank receipt and, if required, copies of all checks deposited.

## **Expenses**

Bills should be paid by a check signed by two authorized executive committee members. Every check should have a signed check request form with a receipt or invoice attached.

Approving the budget is the way the membership of the PTA approves unit spending. If there is no line item to support a request for payment, the check should not be written.

Occasionally, a request for reimbursement may be made without a receipt. The receipt was lost or personal items are used such as stamps for mailing or the partial cost of a toner cartridge for printing of minutes or reports. Should this occur, the individual should complete a check request form or a reimbursement form and attach a detailed explanation of the expense. (Sample included in the forms section.)

## **PTA Dues**

According to the IRS, the National and Louisiana PTA portions of membership dues never belong to a local unit. They should not be included in the budget as receipts for budget planning purposes. They are also not included in the gross receipts when reporting to the IRS.

Dues paid to Louisiana PTA are recorded as an income deduction, not as an expense. They are treated as a deduction from the dues income line item and are shown as a deduction in the total income column.

The membership chair should indicate on the income summary form the number of memberships the deposit represents. This assures that the amount not belonging to the unit is accurately recorded.

Each unit forwards to the Louisiana PTA the portion of dues collected for state and national dues. Currently that is \$4.00 per member. (*\$2.25 to National, \$1.25 to the state, and 50¢ to the district.*) Dues are submitted to Louisiana PTA through the on-line payment platform Cheddar-Up. E-checks are the preferred payment method. The link to submit your unit dues is [my.cheddarup.com/c/collect-local-unit-dues](http://my.cheddarup.com/c/collect-local-unit-dues). LAPTA will not be providing paper membership cards. The template for membership cards is available on the Cheddar-up payment site. LAPTA has the responsibility of forwarding National PTA's portion.

## **Bank Statements**

Bank statements should be sent to the PTA's permanent address, usually the school. Reconcile the bank statement each month and compare with register balance to ensure that bank and financial records are correct. After reconciliation, make a notation, usually the date of the bank statement, in the register indicating that the account was reconciled. (Sample reconciliation form included in the forms section.)

For the protection of the PTA, it is recommended that an officer who does not sign checks also reconciles the bank statement. This can be done before or after the treasurer's reconciliation.

### **Checks Returned for Non-Sufficient Funds (NSF)**

If a check is returned due to insufficient funds, the following guidelines are offered to help your unit collect repayment;

- Call the writer of the check, politely inform them that your bank returned the check and provide the reason given by the bank. Request repayment within 10 days. They may ask you to redeposit the check or they may send you a replacement money order or cash. Remember to inform the writer that he owes any fees the bank has charged the PTA for the transaction.
- Keep a detailed written log of all contacts with the check writer and all banking institutions, companies, or parties involved. Include the name, date, time and a summary of the conversation. If you have not received payment within 10 days, contact the check writer again to discuss the matter.
- Thirty days from the initial contact, if payment has not been received, send the writer of the check a certified letter (request a return receipt) explaining fully why the money is owed to you. The letter should include a demand for payment including the bank fees in cash. Do not accept another check. Keep a copy of the letter for your files. (Sample included at end of this section.)

**Without an approved budget,  
there is no authorization  
to expend funds.**

# RECORD KEEPING

After a budget is approved, a ledger is set up to record all financial transactions. The ledger should include a column or page for each line item in the budget and should reflect deposits for income accounts and checks written for expense accounts

The ledger will have income and expense sections. The ledger can be kept manually in a book available from office supply stores or with a computer bookkeeping or spreadsheet program. The computer helps because it does the math and can develop some reports automatically. It depends on what the treasurer prefers and what equipment is available.

## Computerized System

If at all possible, units should use computerized bookkeeping or accounting systems for their financial records. The following suggestions are offered to ensure that the books are kept accurately when using software programs:

- Computer systems do not eliminate the requirement for regular financial reports. Both activity and budget comparison reports must be produced for every executive committee, board of directors and general membership meeting.
- Each report generated must show the title and time period covered.
- Computer systems do not eliminate the requirement for an audit as specified in each unit's bylaws.
- Back up copies of the records must be made on a regular basis, preferably any time that the records are modified but at no greater interval than one month.
- At least one set of backup records should be stored away from the treasurer's computer system. Suggested sites include another officer's home or the school.
- PTA financial records must be kept on a disk containing only PTA financial information.
- Written financial records such as check stubs and a running balance in the register should be maintained.

# FORMS

Requiring the use of income summary and check request forms will establish a paper trail for all financial transactions. An income summary, cash verification, check request and a reimbursement form are included at the end of this section.

## Income Summary Form

This form is used to verify all funds received by the PTA. It should include the date, activity from which funds were generated, amount received, and signatures of those receiving and counting funds. Income should be counted and verified by at least two persons, not including the treasurer. The treasurer may assist in this process, but should not be one of the signers.

When the treasurer receives this form with the funds, she should insure that the funds were counted correctly. If there is an error, note the correct amount on the form and contact the counters to report the error. Once the form is correct, record the income, complete a deposit slip and deposit the funds promptly in the bank. Anyone going through the paperwork should be able to trace every dollar from the income summary form and documentation attached.

## Check Request Form

This form is used to disburse money from PTA accounts. It is not a substitute for a receipt. All check request forms should have receipts attached. The form should be required from any member requesting reimbursement. It should include information on the transaction, amount requested, who is requesting it, and to whom the check should be made payable. These rules also apply when cash is needed for change during a fundraiser. These forms with receipts or invoice attached, along with the canceled check, provide a complete expenditure record.

## REPORTS

*Robert's Rules of Order* specifies that the treasurer is responsible for making regular reports to the leadership and the general membership of the PTA. The budget is approved by the membership and they have a right to see that the board is spending within those guidelines.

Whenever there is an executive committee, board of directors or a general membership meeting, the treasurer is obligated to present a report on the financial status of the unit. Reports must be given for all accounts, not just the checking account.

Whatever record keeping system the treasurer uses should provide all information necessary to prepare the activity and budget comparison reports. A sample of both reports can be found at the end of this section.

### Activity

There is no set format for the report, but at a minimum, it should include the following:

- Balance from the last report.
- Income since the last report.
- Expenses since the last report.
- Present checkbook balance.

Depending on the size and composition of the membership, the treasurer may need to provide more information such as a list of all checks written since the previous report and all deposits made since the last report including their source.

The beginning balance of the treasurer's report should coincide with the ending balance from the previous meeting. Therefore, there may be different information in the reports for association and board of directors meetings.

## **Budget Comparison**

The budget comparison report consists of a copy of the budget with two additional columns - an "actual" column which gives the actual amount of income or expenses recorded in any given category and a "remaining or variance" column which shows how much the PTA is short or over in each income category and how much is left in each expense category. This format provides a detailed analysis of exactly how the PTA's actual income and expenses compare to the approved budget and indicates if there is a problem in any category. Unless provisions are made otherwise in the bylaws or when the budget is approved, no budget expense item should be exceeded without authorization from the PTA membership.

## **Distribution**

- Copies of the reports should be distributed to the members in attendance when possible. For a general membership meeting, the information may be posted on a bulletin board or throughout the meeting room.
- The reports should not be adopted but rather filed for the auditor or audit committee.
- A copy should be placed with the minutes as well as retained by the treasurer.

## **Annual**

At the close of a unit's fiscal year, the treasurer should prepare an annual report. (See the Forms section for a sample annual report.) The treasurer should make a preliminary report to the membership at the annual meeting. This report is for information only and is not officially adopted. The report becomes official after the audit report is adopted by the membership. Normally this takes place at the first business meeting of the new fiscal year.

The treasurer's annual report and the audit report are filed with the permanent financial records after the adoption of the audit report.

## **UPON LEAVING OFFICE**

- Be sure all state and national dues have been collected and forwarded to either the district or state PTA.
- Balance the books to be ready for audit. Be sure that the PTA's books agree with the bank balance and outstanding checks plus cash on hand.
- Prepare the annual report covering the term of office.
- Prepare IRS Form 990, if required.
- Before turning the paperwork over to the auditor, meet with and give the incoming treasurer all reference materials and explain how the job is done.
- Once the successor has been briefed, give the records to the auditor and the checkbook (without the stubs for the year just completed since those go to the auditor) to the new treasurer. If books were kept on computer, provide the new treasurer a computer disk or flash drive of all of records.
- Obtain and file new signature cards with the bank so that the new treasurer and other officers will be authorized to sign checks without delay.

# AUDIT (OR REVIEW)

## What?

An audit follows financial transactions through the records to be sure that receipts have been properly accounted for and expenditures made as authorized in the budget, as approved by the general membership, and in conformity with PTA bylaws and standing rules. The audit must review all accounts of the PTA.

## Why?

The audit is necessary to protect both the PTA and the officers, and to ensure the new administration has an understanding of the PTA's financial status. The audit ensures all income is accounted for and all expenditures have been made in accordance with the approved budget. It also verifies the bank balance and that the balance recorded in the books is correct. A proper audit will guarantee the previous treasurer maintained the books correctly and the officers of the unit spent all funds within the guidelines of the budget. An audit may also show discrepancies in funding or expenditures and is, therefore, essential for financial accountability.

## Who?

Bylaws require that an auditor or auditing committee of not fewer than three members conduct the review. Only members who did not have signature authority should be appointed or elected to the committee. The election or appointment members should be specified in the bylaws or standing rules.

## When?

An audit of PTA books should take place in the transition from one treasurer to another. An audit should be done once a year even if the same treasurer remains in office and may be requested anytime one is deemed necessary.

## How?

The outgoing treasurer is responsible for ensuring that all information is available and given to the auditor. The incoming treasurer is responsible for picking up the books, reviewing the audit report, and implementing any recommended changes. After the books are turned over to the auditor, the outgoing treasurer should conduct no financial transactions. Only the new treasurer should write checks or deposit funds.

## Info Needed by Auditor

The outgoing treasurer should deliver the following to the auditor or committee:

- a copy of the last audit report
- checkbook and bank statements with canceled checks
- check request forms with receipts
- income summary forms with deposit slips and bank receipts
- ledger or computer generated reports for all line items
- copies of financial reports given at each board and general meeting
- a copy of the annual report
- copies of minutes that would include an adopted budget, as well as any amendments that were approved during the year
- a copy of the current bylaws and standing rules
- any other information requested

## Procedure

- Begin with the records posted after the last audit. Check to see if the amount shown on the bank statement corresponds to the starting balance recorded in the checkbook and ledger.
- Verify that bank reconciliations are done monthly. Reconcile each month's bank statement with the canceled checks.
- Make sure that every check written is substantiated with a check request form and receipt or invoice.
- Verify that all checks have two signatures and check to see that checks are not being signed by the individual to whom they are made payable.
- Verify that all income and expenditures are allocated into the same categories that constitute the approved budget.
- Make certain that state and national portions of the membership dues have been kept separate from other receipts and forwarded to the Louisiana PTA.
- Make certain that money collected for a specific purpose (special projects, scholarships, etc.) has been so disbursed.
- Reconcile each deposit slip with bank statement and checkbook entries. Make sure additions and subtractions are correct in all instances.
- Check each month's ledger entries for error, and crosscheck against checks issued and receipts posted. Cross-reference checkbook stubs with checks issued.
- Check treasurer's reports and annual report for accuracy. Verify that the reports are true representations of the transactions recorded.
- If all is in order or when any errors have been corrected by the treasurer and the president is satisfied that the financial accounts are correct, draw a line across the ledger where the audit concludes using different color ink. Write "Examined and found correct." or "Examined and corrected."

## **Audit Report**

The auditor or audit committee should prepare a statement. A blank audit report is at the end of this section.

If all is in order, the committee will find the books correct. If there is a problem, the committee will find the books incomplete, substantially correct with adjustments or recommendations, or incorrect. The report should indicate the information needed and errors committed.

The audit report must be officially adopted by the association and must be included in a completed annual report covering the association's fiscal year.

If the validity of an audit report is questioned, an independent CPA should be engaged. At any time during the process, the Louisiana PTA may be contacted for assistance.

## **INCORPORATION**

Incorporation is one of the most important steps a PTA can take to protect its officers and volunteers from being held liable or responsible for a PTA's debts or legal obligations. The existence of a corporation serves to establish protection for a PTA member while they are conducting PTA business. Incorporating does not change the liability of the PTA in the event of a lawsuit but personal liability is minimized.

Louisiana law requires all non-profits be registered in the state. To register, please go to [sos.louisiana.gov](http://sos.louisiana.gov). If you need assistance call the Louisiana PTA office. For more information, please see Bylaws section.

To maintain your unit's incorporation, an annual report and renewal fee must be submitted to the Secretary of State. More information is available at [www.sos.louisiana.gov](http://www.sos.louisiana.gov), the Secretary of State's website.

# INSURANCE

Operating a PTA unit is much like running a small business. Businesses have insurance to protect their investments. Local units are encouraged to purchase insurance policies based on their needs.

Many units in Louisiana purchase insurance from Association Insurance Management (AIM), a company that offers coverage to PTAs and other non-profits at a reasonable price. AIM policies run annually from October to October. For more information, contact the company at 1-800-876-4044.

## **Fidelity Bond**

It is in the best interest of the PTA to have the treasurer and all other persons authorized to handle funds covered by a fidelity bond in an amount based upon the unit's annual income. This coverage protects both the treasurer and the unit.

A bond covers the losses sustained by a unit from any fraudulent or dishonest acts committed by any PTA officer, member, volunteer or employee. The bond limits are usually \$10,000, \$25,000 or \$50,000. The amount of coverage should be determined by taking the average of the unit's gross receipts for the last three years.

As prescribed in all local unit bylaws, a PTA should conduct an audit annually and have all checks signed by two people. If these two requirements are not met, a loss may not be discovered until it is too late. Then, due to poor bookkeeping practices and untimely proof of discovery, a claim may only be paid up to what records the PTA can provide.

## **General Liability**

General liability insurance protects local PTA members and volunteers against suits that may arise if someone is injured or someone's property is damaged at a PTA activity. General liability coverage extends to all normal activities of your local unit including carnivals, dinners, dances, meetings, after prom parties, etc.

## **Officer's Liability**

Officer's liability insurance protects PTA officers against personal liability arising from alleged mismanagement, wrongful acts, and misrepresentation of the PTA. This insurance picks up where general liability ends.

## **Property**

Property insurance protects property that a PTA owns or has care, custody or control of against damage or loss due to theft or natural hazard. Examples of property that would be covered include tables, popcorn machines, microphones, and fundraising merchandise.

# FEDERAL TAXES

## IRS Section 501(c)(3)

The Louisiana PTA and all subordinate units in good standing are exempt from federal income tax as charitable and education organizations under the provisions of section 501(c)(3) of the Internal Revenue Code. As such, the subordinates fall under the Louisiana PTA's 501(c)(3) blanket exemption. If a PTA votes to dissolve, it loses this status and benefits.

Annually, the LAPTA is required to submit to the IRS a list of all districts and units in good standing. Those listed are covered by our group exemption. Any unit or district not listed would be subject to income tax on all earnings.

## Protecting Tax Exemption

As 501(c)(3) organizations, the Louisiana PTA and its local units in good standing may solicit and spend funds without paying income tax to the federal or state governments as long as they comply with rules governing non-profit organizations and all income is directly related to the purposes of the organization.

In order to maintain its 501(c)(3) status, a PTA must meet specific standards. The organization must be noncommercial, nonsectarian, and nonpartisan meaning that it does not engage in specific commercial endorsements, is not involved with specific religious groups, and does not actively endorse or support political candidates or parties. Further, neither the organization's name nor any member acting in an official capacity can be used to endorse or promote a commercial concern or political party or conduct activities not in keeping with the Purposes and Mission of PTA.

Annually, the LAPTA is required to submit to the IRS a list of all districts and local units in good standing. The units listed are covered by our group exemption. Any unit or district not listed would be subject to income tax on all earnings.

## Donations

The 501(c)(3) designation holds that contributions to PTAs are deductible as charitable contributions for federal income tax purposes.

PTAs must be prepared to issue receipts to donors whose contributions exceed \$250 in one day; cancelled checks are no longer sufficient. There is no required format for the receipt but it must include the PTA's name, donor's name, date, cash amount received or a description of the property received. The PTA does not have to place a value on the property received.

PTAs must inform prospective donors about the extent to which their contributions are tax deductible. This disclosure should indicate the fair market value of any tangible benefit received in exchange for a contribution and the amount of the donation that is deductible as a charitable contribution. For example, if a spaghetti dinner ticket sells for \$20 and the value of the meal is determined to be \$5, the purchaser is entitled to a \$15 charitable contribution. The \$5 is not necessarily the cost to the PTA, but the value of a prepared and served meal

allowing for a reasonable profit.

If a donor requests verification that a PTA is a 501(c)(3) charitable organization, call the LAPTA office or president to obtain an official letter.

PTA volunteers may deduct out of pocket expenses while volunteering for the PTA. These include mileage for travel to and from volunteer sites; costs not reimbursed relating to volunteer work (such as long distance phone calls); and the costs of childcare incurred to enable a person to volunteer. The value of a person's time is not deductible.

Pizza nights and grocery days are considered donations.

## **Unrelated Business Income**

As a tax-exempt organization, PTA revenues are not subject to federal income tax if the revenue is raised in a manner that is related to the PTA's tax-exempt purpose. However, it is possible for some revenue to be subject to income taxation. When this occurs, the amount subject to taxation falls into the category of unrelated business income (UBI).

An activity generally will be classified as UBI if it has all of the following characteristics:

- The activity provides income & a PTA takes an active role in the generation of income.
- The activity is conducted on a regular and continuous basis.
- The activity is unrelated to the mission of the PTA. Even if the proceeds are used to further PTA purposes, if the method of raising the funds is unrelated, it is deemed UBI. Fundraising is not a related activity even if all of the net revenue will be used to support PTA programs.

However, if the PTA conducts the activity and provides at least 85% of the labor, the income generally will be excluded from taxation, even if the above three conditions exist.

There is no rule that says PTAs must never conduct activities that produce UBI. But, if the unrelated activity is dominant, the PTA may no longer be perceived as a charity supporting itself with some UBI. Instead, it may be viewed by the IRS as a business with some charitable activities. At that point, the PTA would lose its tax-exempt status.

IRS regulations require nonprofits to file Form 990-T and pay taxes when gross receipts from unrelated business activities are over \$1000.

# Filing Requirements for IRS Charities and Non-Profits

<https://www.irs.gov/charities-and-nonprofits>

## 1. Form 990 Filing Thresholds:

Gross receipts normally $\leq$ \$50,000	990-N
Gross receipts $<$ \$200,000, and total assets $<$ \$500,000	990-EZ or 990
Gross receipts $\geq$ \$200,000, or total assets $>$ \$500,000	990

## 2. Annual Electronic Filing Requirement for Small Exempt Organizations – Form 990-N (e-Postcard)

<https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard>

Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ, must be submitted electronically.

- All filers must register at [IRS.gov](https://www.irs.gov) prior to filing their Form 990-N. This is a one-time registration; you won't be asked to register again when filing the next year.

- Form 990-N must be completed and filed electronically. There is no paper form.

- Form 990-N filers may choose to file a complete Form 990 or Form 990-EZ instead.

- Use the Form 990-N Electronic Filing System (e-Postcard) User Guide (PDF) while registering and filing.

Most common problems can be avoided by following the User Guide.

- For filing system and website issues, see [How to File: Frequently Asked Questions](#). If site issues are unresolved, call TE/GE Customer Accounts Services at 877-829-5500. A representative will file your Form 990-N information.

- Organizations should continue efforts to file, even if late.

## 3. Who must file

Most small tax-exempt organizations whose annual gross receipts are normally \$50,000 or less can satisfy their annual reporting requirement by electronically submitting Form 990-N if they choose not to file Form 990 or Form 990-EZ instead.

Exceptions to this requirement include:

- Organizations that are included in a group return,
- Churches (PDF), their integrated auxiliaries, and conventions or associations of churches, and
- Organizations required to file a different return

#### 4. Form 990-N filing due date

Form 990-N is due every year by the **15th day of the 5th month** after the close of your tax year. You cannot file the e-Postcard until after your tax year ends.

Example: If the PTA tax year ends on June 30, the e-Postcard is due November 15. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

If your 990-N is late, the IRS will send a reminder notice to the last address we received.

While there is no penalty assessment for filing Form 990-N late, organizations that fail to file required Forms 990, 990-EZ or 990-N for three consecutive years will automatically lose their tax-exempt status. Revocation of the organization's tax-exempt status will happen on the filing due date of the third consecutively-missed year.

#### 5. Information you will need when filing Form 990-N

Form 990-N is easy to complete. You'll need only eight items of basic information about your organization.

- a. Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN).
- b. Tax year
- c. Legal name and mailing address
- d. Any other names the organization uses
- e. Name and address of a principal officer
- f. Web site address if the organization has one
- g. Confirmation that the organization's annual gross receipts are \$50,000 or less
- h. If applicable, a statement that the organization has terminated or is terminating (going out of business)

#### 6. Ready to file?

After you have read the information here and on the IRS website, use the Form 990-N Electronic Filing System (e-Postcard) page to start the process.

## Form 1099-Miscellaneous

A PTA is required to file Form 1099-MISC if it paid \$600 or more during a calendar year to a business or person for services rendered. Examples include a guest speaker or artist-in-residence. A copy must be sent to the recipient by February 2nd of the year following the payment and a copy must be sent to the IRS by March 1st.

Form 1099 is not required for scholarship recipients regardless of the amount paid. Scholarship winners need to know that if any of the funds received are not spent for tuition or other required school expenses; they must report the excess as miscellaneous income on their personal income tax returns.

## SALES TAXES

**Units are required to pay state and local sales tax on every purchase and to collect and remit sales tax on items sold unless an exemption has been granted from the state. Many PTAs assume that since public schools are exempt from paying sales taxes and have a sales tax exemption number from the state, PTAs are also exempt. If a PTA member is asked for a tax number, he is required to inform the sales person that PTAs are not exempt from sales taxes. Do not use a school's sales tax exemption number to make purchases. Both the school and the PTA can get in trouble doing this.**

### State Sales Tax Exemptions

**Units can apply for a sales tax exemption for fundraisers by filing Form R-1048 and submitting it to the Louisiana Department of Revenue no later than two weeks prior to the event. The form can be downloaded from their website, [www.rev.state.la.us](http://www.rev.state.la.us).**

**The types of fundraisers that are generally granted an exemption include fairs, festivals and admission tickets to dances or performances. Fundraisers that involve an outside promoter or vendor who profits from the event will be denied an exemption. Additionally, fundraisers involving the sale of products that would be in direct competition with local retailers, such as school supplies, wrapping paper or candy, are not eligible for an exemption.**

**Check with your parish tax collection office to determine the requirements for remitting local taxes.**

## **Paying Sales Taxes**

If a PTA is denied an exemption or chooses not to file for an exemption, it must apply for a Louisiana Tax Number with the Department of Revenue. This form can be downloaded from their website, [www.rev.state.la.us](http://www.rev.state.la.us). Be sure to add that the PTA will have “irregular sales.” The unit will then only have to file and pay taxes when items are sold and not on a monthly basis.

Sales taxes are due by the 20th day of the month following the sale. For example, if a fundraiser is held in October, taxes are due by November 20th. The sales tax return (R-1029) can also be downloaded from the department’s website.

PTAs not obligated to remit sales tax if the fundraising company remits them to the state. Make sure you receive a copy of the invoice for your records indicating that taxes were paid to the vendor. Out of state companies without a sales representative in Louisiana are not obligated to collect or remit sales taxes. It is the PTAs responsibility to collect and remit the taxes on all items purchased or sold.

## **Sales Tax Exception**

There are circumstances when PTAs can legally avoid sales taxes when making certain purchases on behalf of schools.

If the PTA is purchasing equipment such as computers or copiers, in accordance with the PTA budget, to be provided to the school as a gift, it may be more beneficial to the school to use a method other than direct purchase by the PTA. For example, a PTA has budgeted to purchase a computer for the school library. The cost, if purchased directly by the PTA, would include sales tax. An alternative means of purchase is to advise the school that the PTA’s budget includes an amount for a computer. The school then uses its purchasing procedures to order the computer, and a school check is issued for the purchase. There is no sales tax required since the school is buying the computer directly. The school then provides a check request form to the PTA with a copy of the invoice. The PTA treasurer can issue a check to the school reimbursing it for the computer. In this manner, the PTA has funded the purchase of the computer, but since the computer was purchased through the school, no sales taxes are required.

## **MISCELLANEOUS**

### **Gifts to Schools**

PTAs should not turn cash over to a school to be spent at the administration’s discretion. There are times, however, when the best decision is to give funds to the school for a designated purpose. Often, schools can purchase items at a significant discount or a unit may decide to fund a portion of a purchase the school is making. When a unit decides to have the school

make a purchase, the following guidelines should be followed:

- The general membership approves the gift to be made and its purpose.
- Funds are given for a specific, designated purpose agreed to in writing between the PTA and the appropriate school official. The agreement should state the nature of the item to be purchased, the manner in which it is to be used and the time frame within which it will be procured. It should also include an agreement that the PTA will be furnished with a copy of the invoice and that all funds will be returned to the PTA if the item is not purchased or the terms are not met.

Each PTA wants to ensure that its supported school can purchase items that will improve the quality of education. PTAs should not give money to a school for purchases without receiving appropriate documentation. A PTA can directly purchase items for a school with a PTA check and then donate them. In this situation, the PTA receives the receipt directly. A disadvantage of this method is that the school system may be able to get a better price by bulk purchasing.

A second method is for schools to purchase items and then receive reimbursement from the PTA. In this situation, the school must follow procedures set by the school system, but the PTA must also get acceptable documentation. The treasurer issues a check to the school for the amount of the purchase order. When the item arrives, the school pays the invoice and provides a copy of the invoice to the PTA. If the invoice is less than the amount provided, extra funds should be returned to the PTA. If the amount due is more than provided, the principal should give the PTA a check request form for the balance and attach a second copy of the invoice and purchase order.

See the Forms section for a sample donation form plus two others that can be used when a unit purchases equipment and donates it to the school and when a unit purchases equipment for its own use and stores it at the school. Check with your local school system to determine any regulations related to items stored at school.

### **Noncommercial policy**

PTA bylaws include the requirement to be noncommercial. This means the PTA name shall not be used in conjunction with the commercial activities of other organizations including the promotion of the other's goods or services.

Additionally, a PTA does not raise money for other organizations or individuals, no matter how worthy the cause.

### **Co-venturing**

Commercial co-venturing is becoming a popular form of fundraising for PTAs. Commonly, a business will advertise a cooperative fundraising effort in which a portion of their sales will be forwarded to the PTA as a gift. The size of the donation is determined by how successful the business is in selling its product or service.

The only appropriate role for the PTA in such a venture is a passive one. The PTA should refrain from active promotion or marketing of the business's products or services and do no more than inform members of the agreement. Agreements should be structured in such a way as not to appear as an endorsement of a product or company. If this is not possible, the PTA should not enter into the agreement.

If a separate coalition organization with a 501(c)(3) status is established, a PTA may share in its funding only if PTA representatives are part of the governing body of the coalition. Small donations may be made to another group provided the following criteria are met:

- The general membership approves the donation.
- The group has a 501(c)(3) status and the PTA has documentation to prove that.
- The group shares at least one common objective with PTA.

### **Scholarships**

Objectivity and equal access are the most important issues to consider when awarding scholarships to either students or teachers. Procedures determining how the committee is formed and how recipients are selected should be in writing. No one should serve on the committee if he or she has a child or relative applying.

The source of funds for scholarships may be an endowment fund for which the PTA solicits contributions. A fund may take many years to build to a sufficient level for interest to fund the scholarships. This is allowable as long as the PTA has a written plan of its intentions and follows this plan. Donors need to be made aware of the status of the plan prior to contributing.

A 1099-MISC is not required for scholarships. Recipients need to be informed that any portion of the funds received not used for school fees such as tuition, books or lab fees is taxable income. Travel, childcare and housing expenses are not considered school fees. Beyond making the scholarship recipient aware of this issue, a PTA unit has no further obligation.

## **ADDITIONAL RESOURCES**

In addition to this section of the Louisiana PTA Resource Guide and the finance section of the National *Local PTA Leader Kit*, the National PTA website, emailing, and e-learning courses provide a wealth of information for treasurers.

You can create an account on the National PTA website, [www.pta.org](http://www.pta.org), to be able to access many other resources. E-learning courses are available on the National PTA website.

### **Managing Finances**

National PTA has gathered several articles relating to basic financial management to help you effectively run your PTA and fulfill your goals while maintaining fiscal responsibility.

**Financial Fundamentals:** A collection of articles relating to the fundamentals of financial management.

**Federal Requirements:** Abiding by federal guidelines is extremely important to maintain tax-exempt status and ensure your PTA is financially sound.

**Budgeting:** Effective budgeting includes consideration of the PTA's stated goals and planned activities, as well as the financial needs to achieve these.

**Fundraising:** Local and state PTA often need to seek out fundraising alternatives.

### **Fundraising Essentials**

Available in the Local PTA Leader Kit is a guide to help PTAs more effectively fund-raise including ideas from experts on how PTAs and school principals can work together to conduct effective fund-raisers. The guide provides useful information on everything from choosing a vendor to recruiting and thanking volunteers to meeting tax, legal, and insurance requirements.

### **IRS**

The Internal Revenue Service website is [www.irs.gov](http://www.irs.gov). The "charities and non-profits" section is especially helpful to PTAs and allows downloading of forms and instructions as well as informational brochures. One of the most useful is Publication 4221, "Compliance Guide for 501(c)(3) Tax-Exempt Organizations" which addresses records — why keep them, what should be kept and how long

# TREASURER'S CHECKLIST

Use this checklist throughout the year to double check the financial management practices of your unit. Check items as completed; include dates and names as indicated.

Audit completed for past school year. Date: \_\_\_\_\_

Auditors: \_\_\_\_\_

Turn over meeting held with outgoing treasurer. Date: \_\_\_\_\_

Signature cards on file with the bank. Date: \_\_\_\_\_

Budget process

Budget committee formed. Date: \_\_\_\_\_

Proposed budget presented to board for consideration. Date: \_\_\_\_\_

Proposed budget presented to general membership & approved. Date: \_\_\_\_\_

Budget approval form submitted to the state office. Date: \_\_\_\_\_

Budget amendments approved by general membership on:

Date: \_\_\_\_\_ Date: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

Bookkeeping method chosen. Which? \_\_\_\_\_

(Ledger or computer based.)

Check request and income summary forms copied for distribution to board of directors.

Treasurer and president develop a workable reimbursement system. Emphasize that only budget approved expenses will be reimbursed and only with receipts/invoices attached. Date shared with board:

Enter and file check requests and income summaries on an ongoing basis.

Bank statement is opened by someone who is not a signer on the account. Treasurer and president review bank statements and financial status monthly.

Activity and budget comparison reports given at all board and general membership meetings. On back, list the date and type of meeting.

Books closed and annual report prepared. Date: \_\_\_\_\_

Auditors chosen for current school year. Date: \_\_\_\_\_

Auditors: \_\_\_\_\_

Auditors: \_\_\_\_\_





## **2020-2021 Local Unit Budget Approval**

The submission of this form is required to maintain a unit's good standing. Entries to all recognitions and awards will be **ineligible** unless this form has been sent to the state office by the district or state deadline, whichever comes first.

Unit Name \_\_\_\_\_

LUR # \_\_\_\_\_

District \_\_\_\_\_

The PTA's budget for the 2020 – 2021 fiscal year was approved at the general membership meeting held on \_\_\_\_\_.

President \_\_\_\_\_  
(Signature)

Treasurer \_\_\_\_\_  
(Signature)

PTA Principal \_\_\_\_\_  
(Signature)

**PLEASE ATTACH A COPY OF THE APPROVED BUDGET WITH THIS FORM.**

**Email a copy to the Louisiana State PTA at [lapta\\_office@bellsouth.net](mailto:lapta_office@bellsouth.net)**

# Sample Proposed Budget

July 1, 2018 - June 30, 2019

**BEGINNING BALANCE** .....\$ 500.00

## **INCOME**

Membership Dues (*Local Portion Only*) ..... \$ 500.00

Festival..... \$ 2,000.00

Candy Sale ..... \$ 5,000.00

Art Grant..... \$ 500.00

**TOTAL INCOME**.....\$ 8,000.00

**TOTAL AVAILABLE FUNDS** .....\$ 8,500.00

## **EXPENSES**

### **Administrative/Leadership Expenses**

Copies ..... \$ 200.00

Incorporation Fees ..... \$ 5.00

Leadership Development (National PTA/Louisiana PTA Conventions)..... \$ 600.00

Liability Insurance..... \$ 25.00

Miscellaneous Expenses..... \$ 50.00

Postage ..... \$ 50.00

State Summer Workshop ..... \$ 30.00

Supplies ..... \$ 50.00

**Total Administrative Expenses** .....\$ 1,100.00

### **Programs and Committees**

Art Grant..... \$ 500.00

Candy Sale Expenses ..... \$ 2,500.00

Cultural Arts..... \$ 500.00

Festival Costs..... \$ 500.00

Founder's Day Banquet..... \$ 50.00

Life Membership ..... \$ 40.00

Membership Promotion..... \$ 100.00

Newsletter/Publicity ..... \$ 400.00

Reading Enrichment Program ..... \$ 600.00

Teacher Appreciation ..... \$ 500.00

Teacher Grants ..... \$1,000.00

Volunteer Appreciation..... \$ 200.00

**Total Program and Committee Expenses** .....\$6,890.00

**TOTAL EXPENSES** .....\$8,000.00

Start Up Funds..... \$ 500.00

**TOTAL** .....\$8,500.00

Date adopted by membership: \_\_\_\_\_

# Sample Budget Comparison Report

March 1, 2018

<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Balance from Previous Year .....	\$ 500.00	500.00	0.00
 <b><u>INCOME</u></b>			
Membership Dues (Local Portion Only) .....	\$ 750.00	500.00	250.00
Festival .....	\$ 2,500.00	2,000.00	500.00
Candy Sale .....	\$ 4,800.00	5,000.00	-200.00
Art Grant .....	\$ 500.00	500.00	0.00
Donation for Computer .....	\$ 2,000.00	0.00	2,000.00
<b>Total Expenses .....</b>	<b>\$ 10,550.00</b>	<b>8,500.00</b>	<b>2,550.00</b>
 <b>TOTAL AVAILABLE FUNDS .....</b>	 <b>\$ 11,050.00</b>	 <b>8,500.00</b>	 <b>2,550.00</b>
 <b><u>EXPENSES</u></b>			
<b>Administrative / Leadership Expenses</b>			
Copies .....	\$ 240.00	200.00	40.00
Incorporation Fees .....	\$ 5.00	5.00	0.00
Leadership Development .....	\$ 0.00	600.00	-600.00
Liability Insurance .....	\$ 125.00	125.00	0.00
Miscellaneous Expenses .....	\$ 15.00	50.00	- 35.00
Postage .....	\$ 25.00	50.00	- 25.00
State Summer Workshop .....	\$ 30.00	30.00	0.00
Supplies .....	\$ 30.00	50.00	-20.00
 <b>Programs and Committees</b>			
Art Grant .....	\$ 500.00	500.00	0.00
Candy Sale Expenses .....	\$ 2,400.00	2,500.00	-100.00
Computer Purchase .....	\$ 2,200.00	0.00	2,200.00
Cultural Arts .....	\$ 560.00	500.00	60.00
Festival Costs .....	\$ 550.00	500.00	50.00
Founder's Day Banquet .....	\$ 0.00	50.00	-50.00
Life Membership .....	\$ 40.00	40.00	0.00
Membership Promotion .....	\$ 80.00	100.00	-20.00
Newsletter/Publicity .....	\$ 320.00	400.00	-80.00
Reading Enrichment Program .....	\$ 525.00	600.00	-75.00
Teacher Appreciation .....	\$ 0.00	500.00	-500.00
Teacher Grants .....	\$ 1,000.00	1,000.00	0.00
Volunteer Appreciation .....	\$ 100.00	200.00	-100.00
<b>EXPENSES .....</b>	<b>\$ 8,745.00</b>	<b>8,000.00</b>	<b>745.00</b>
<b>Start Up .....</b>	<b>\$ 0.00</b>	<b>500.00</b>	<b>-500.00</b>
 <b>TOTAL .....</b>	 <b>\$ 8,745.00</b>	 <b>8,500.00</b>	 <b>745.00</b>

(National PTA and Louisiana PTA dues collected and disbursed to the Louisiana PTA: \$1,000)



# Cash Verification Form

(Attach this form to an income summary form.)

## Coins

_____	x	0.01 =	\$ _____
_____	x	0.05 =	\$ _____
_____	x	0.10 =	\$ _____
_____	x	0.25 =	\$ _____
_____	x	0.50 =	\$ _____
_____	x	1.00 =	\$ _____

**Total 1**

\_\_\_\_\_

## Currency

_____	x	\$1.00 =	_____
_____	x	\$5.00 =	_____
_____	x	\$10.00 =	_____
_____	x	\$20.00 =	_____
_____	x	\$50.00 =	_____
_____	x	\$100.00 =	_____

**Total 2**

\_\_\_\_\_

**Grand Total**

\_\_\_\_\_

Budget item to be credited: \_\_\_\_\_

\_\_\_\_\_  
Signature of board member

\_\_\_\_\_  
2<sup>nd</sup> signature

## Check Request Form

Use a separate form for each payee.  
 Receipts, invoices and/or other supporting documentation must be attached.

Make check payable to: \_\_\_\_\_

Date	Use of Funds	Amount Requested:
Total		\$

If check is to be mailed, where should it be sent?

Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

-----  
**(For the treasurer's use only)**

Date	Check #	Acct. #	Account	Amount
				\$

split


## Reimbursement Voucher

Make check payable to: \_\_\_\_\_

Date	Item	Place of Purchase (if appropriate)	Amount Requested
			\$
Total			\$

Account to be credited: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Certification: The expenses listed above were incurred in connection with authorized PTA work and were not otherwise reimbursed to me.

Signature \_\_\_\_\_ Date \_\_\_\_\_

-----  
**(For the treasurer's use only)**

Date	Check #	Acct. #	Account	Amount
				\$
	split			

# Bank Statement Reconciliation

Statement cycle \_\_\_\_\_ to \_\_\_\_\_

Ending balance from this bank statement \$ \_\_\_\_\_

Deposits and credits not shown on this statement:

# \_\_\_\_\_ \$ \_\_\_\_\_ # \_\_\_\_\_ \$ \_\_\_\_\_

Total of deposits not shown on statement \$ \_\_\_\_\_

\$ \_\_\_\_\_

(Ending balance **plus** deposits and credits not shown.)

Outstanding checks, transfers or withdrawals not shown on bank statement:

# \_\_\_\_\_ \$ \_\_\_\_\_ # \_\_\_\_\_ \$ \_\_\_\_\_

# \_\_\_\_\_ \$ \_\_\_\_\_ # \_\_\_\_\_ \$ \_\_\_\_\_

# \_\_\_\_\_ \$ \_\_\_\_\_ # \_\_\_\_\_ \$ \_\_\_\_\_

# \_\_\_\_\_ \$ \_\_\_\_\_ # \_\_\_\_\_ \$ \_\_\_\_\_

# \_\_\_\_\_ \$ \_\_\_\_\_ # \_\_\_\_\_ \$ \_\_\_\_\_

# \_\_\_\_\_ \$ \_\_\_\_\_ # \_\_\_\_\_ \$ \_\_\_\_\_

Total \$ \_\_\_\_\_

Checkbook balance (Checkbook balance should equal ending balance **plus** deposits and credits not shown **minus** outstanding check total.)

## Audit Committee Report

Balance on Hand as of \_\_\_\_\_ \$ \_\_\_\_\_

Receipts from to \_\_\_\_\_ to \_\_\_\_\_ \$ \_\_\_\_\_

Total Cash \$ \_\_\_\_\_

Disbursements from \_\_\_\_\_ to \_\_\_\_\_ \$ \_\_\_\_\_

Balance on Hand as of \_\_\_\_\_ \$ \_\_\_\_\_

Bank Statement Balance as of \_\_\_\_\_ \$ \_\_\_\_\_

Outstanding Checks:

Check #	Amount
_____	_____
_____	_____
_____	_____
_____	_____

Total Checks Outstanding \$ \_\_\_\_\_

Balance in Checking Account as of \_\_\_\_\_ \$ \_\_\_\_\_

We have examined the books of this PTA and find them to be:

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- incorrect.

Signatures of Committee/Date

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Audit Procedures & Helpful Hints

**WILL NEED:** Committee Members (*as determined by your bylaws*), Check book, Notebook or File with current fiscal year invoices with check request forms attached, all bank statements for the fiscal year. Also a copy of the previous year audit.

Committee person #1: Statements

Committee person #2: Checkbook with check stubs attached for the fiscal year

Committee person #3: Notebook or file with all invoices for the fiscal year.

\*Each committee member will be in charge of one part of the financials to review.

\*Treasurer may not participate in audit except to answer questions if necessary.

### INSTRUCTIONS:

- 1) Start with previous year's audit to verify beginning of year balance, check this against your checking account balance from that time.
- 2) Next, you will verify each check written and each deposit made against the checkbook and bank statement for each month. The committee member with the notebook or file will verify they have a signed check request form or receipt for all checks written or deposit made.
- 3) You will keep a list of outstanding checks and deposits and check them off as you go thru each month.
- 4) When you get to the end of the fiscal year, you will need to record on the Audit Committee Report all outstanding items – checks or deposits.
- 5) In the checkbook, draw a line at your ending date, initial it and write your ending balance that should be the same amount listed on the Audit Report.
- 6) Complete the Audit Committee Report by inserting the appropriate figures in each blank.  
\*\*Helpful Hints will follow.
- 7) All committee members must sign the form stating that the PTA books were complete or incomplete.
- 8) If not complete, please seek advice from your District President or LAPTA Treasurer.

### HELPFUL HINTS FOR FILLING OUT FORM:

Line 1: Date of last audit and dollar amount.

Line 2: Date of last audit to date of this audit (Example: Receipts from 07/01/2014 – 06/30/2015.) For the dollar amount, you will need to add all the debits, checks and withdrawals from the bank statements for the dates listed on this line. \*These figures can very easily be taken from the front page of the bank statements.

Line 3: Add Line 1 and Line 2.

Line 4: Date of last audit to date of this audit and dollar amount. You will need to add all the deposits listed on the bank statements for the dates listed on this line. \* These figures can very easily be taken from the front page of the bank statements.

Line 5: Ending date for this audit and Subtract Line 4 from Line 3.

Line 6: Date on last bank statement used in audit. Ending balance on bank statement. This total should equal Line 5.

Line 7 - 8: List outstanding checks and total.

Line 9: Date of month ending for audit and dollar amount. This figure should equal what is in your checking.

**Audit Worksheet**  
**(Use this worksheet to help with Lines 2 & 4)**  
**\*Fill-in as you go along with audit.**

Receipts from \_\_\_\_\_ to \_\_\_\_\_ \$ \_\_\_\_\_

Month \_\_\_\_\_ Amount \_\_\_\_\_      Month \_\_\_\_\_ Amount \_\_\_\_\_

\*\*\*Enter receipts from front page of bank statements as you go along in audit.  
 Example: Total from deposits and credit should be listed near ending balance  
 on front page of bank statement

Disbursements from \_\_\_\_\_ to \_\_\_\_\_ \$ \_\_\_\_\_

Month \_\_\_\_\_ Amount \_\_\_\_\_      Month \_\_\_\_\_ Amount \_\_\_\_\_

\*\*\*Enter disbursements from front page of bank statements as you go along in audit.  
 Example: Totals from eft's, withdrawals, checks and service fees should be listed near  
 ending balance on front page.

# SAMPLE LETTER

## Returned Check Due to Non-Sufficient Funds

November 11, 2017

Name of Check Writer  
Address of Check Writer  
City/Zip

RE: Check returned for not sufficient funds  
Check # 456  
September 12, 2017  
Tickets for the Fall Festival

Dear Check Writer,

The ABC PTA received notice on October 12, 2020, that the check written for Fall Festival tickets totaling \$55.00 was returned to us due to insufficient funds in your account. Over the past thirty days, we have been in contact with you and the bank in an attempt to collect the amount owed for the tickets. A detailed log of contacts and actions is attached.

Immediate **cash** payment of \$90.00 is required at this time. This includes the original amount of the check and three returned check fees from your bank. Please see totals below.

Check #456.....	\$55.00
Bank return fee .....	\$15.00
Bank return fee .....	\$15.00
Bank return fee .....	\$15.00
 Total .....	 \$90.00

Please remit the cash to the school by Friday, November 17, 2020 at 2:30 pm.

Failure to repay this debt will result in the matter being turned over to a collection agency or other legal action to ensure payment.

(The letter should be signed by the president and treasurer. Copies should be sent to the principal and president or manager of the bank.)

## Monetary Donation to a School or District

The \_\_\_\_\_ PTA

is donating \$ \_\_\_\_\_

to \_\_\_\_\_  
(name of school or district)

for the purchase of \_\_\_\_\_

\_\_\_\_\_

It is agreed that the PTA will be provided with a copy of the purchase order or requisition and a copy of the paid invoice.

If this purchase is not made by \_\_\_\_\_  
(name of school or district)

by \_\_\_\_\_ the amount donated will be returned to the PTA.  
(date)

\_\_\_\_\_  
**PTA President/Date**

\_\_\_\_\_  
**Principal or Administrator/Date**

## Equipment Purchased by a PTA and Donated to a School or District

The \_\_\_\_\_ PTA  
purchased \_\_\_\_\_ and  
is donating it/them to \_\_\_\_\_  
(name of school or district)  
for following use/purpose \_\_\_\_\_  
\_\_\_\_\_

The PTA may use the equipment under the following conditions: \_\_\_\_\_  
\_\_\_\_\_

The school/district is responsible for

- the maintenance and the safe, continuing operation of the item/equipment.
- replacement in case of loss/theft and agrees to replace the item with a like kind.

The school/district will hold the PTA harmless for any claim arising from ownership or use of the item.

It is agreed that the PTA will be provided with a copy of the purchase order or requisition and a copy of the paid invoice.

\_\_\_\_\_  
**PTA President/Date**

\_\_\_\_\_  
**Principal or Administrator/Date**

## **Equipment Purchased by a PTA for its Use (Item to be Stored at School)**

The \_\_\_\_\_ PTA

purchased for its own use \_\_\_\_\_.

The equipment will remain the property of the PTA but will be stored at

\_\_\_\_\_  
(name of school)

- PTA members may use the equipment.
- School staff or students may use the equipment under the supervision of a PTA member or with written permission.
- Anyone using the property, other than PTA members, will pay for supplies and maintenance.
- Should the item be stolen or misplaced the PTA will be responsible for replacement. Anyone other than the PTA using the item when a loss occurs agrees to reimburse the PTA for replacement cost.

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**PTA President/Date**

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**Principal or Administrator/Date**