

## Budget

- A budget for the upcoming year should be approved at the last regular membership meeting of the year,
- Budget must be specific, (not Fundraiser #1, Fundraiser #2, instead should be Cookie Dough fundraiser, Entertainment book fundraiser, etc.; same with expenses)
- Discretionary/contingency funds are not appropriate line items,
- Membership must approve and amend the budget to authorize any expenditures or adjust for unrealized income. Initial approval requires majority vote; amendments 2/3 vote.

## Carryover

- Carryover (or estimated Beginning Balance) is no more than is needed to begin the next fiscal year; however there is no set amount established by the IRS.
- New executive board and new membership control how it is spent.

## Financial Reports

- A financial report is given at **every** meeting.
- Each report is attached to or included in the minutes.
- Each monthly report is filed for financial reconciliation, **not** approved or adopted.
- A preliminary annual report should be given at the annual meeting.
- The annual report covers the entire fiscal year and is adopted by the membership. (Note: The month of your annual report is stated in your bylaws.)

## Fundraising

- All fundraisers, even those which are done at no or little profit, should be approved by the membership.
- The president is the only one authorized to sign contracts, subject to approval of the executive board.
- The Treasurer's Resource Guide provides information on bingo, gift cards, and scholarships. (Note PTA does not do raffles)
- Designated funds can only be used for the purpose designated, or they must be returned to the donor.

## **Sales Tax**

- Sales tax is due either annually or quarterly to the Texas Comptroller's office on designated dates. You must submit the report even if you do not have sales tax if you have been issued a sales tax number. Do not ask for a sales tax number unless you believe you will need to file sales tax.
- Creating a sales tax report will help considerably in preparing return.
- The local PTA is not responsible for remitting sales tax on catalog/brochure sales but must collect it and remit to the vendor.

## **990 Informational Return**

- 990 Informational returns are filed with IRS 60 days after the end of fiscal year.
- Treasurer completes the form when closing out fiscal year.
- 990 EZ and 990 must include Schedule A and Supplemental Schedule O or penalties will be assessed.
- If penalties are assessed, use a letter to appeal.

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

## **Financial Reconciliation**

- The president should appoint the financial reconciliation committee at least 30 days prior to the last meeting of the year.
- Financial reconciliations are required by Texas PTA and their local bylaws, but also by AIM for their bond insurance.

Councils *cannot* reconcile the books of a local PTA;  
they can only assist while utilizing it as a training opportunity for that local PTA.

## **State Reviews**

- Texas PTA prefers the local PTA has completed a financial reconciliation prior to requesting the review.
- Texas PTA examines not only books, but also procedures followed by the PTA.
- A report of findings from the review team is sent to the Texas PTA President.
- A letter is sent from the Texas PTA President to the local PTA.
- People requesting review is kept confidential.

## **Embezzlement**

- The local PTA should appoint a financial reconciliation committee and perform a financial reconciliation in order to obtain documentation.
- If embezzlement is uncovered, documented and proven, the executive board will decide to take the information to the local law enforcement.
- The financial reconciliation should be presented factually; not accusatorily. Members are innocent until proven guilty and PTAs can be sued for libel or slander.
- Conditions for insurance coverage include non-signer is the first to review the bank statement; financial reconciliation performed annually and embezzlement discovered within one year of date of occurrence.

## **Insufficient Funds**

- Policies should be established and voted on by membership regarding collection of returned checks and any associated fees.
- Letters should be sent in a particular order.
- If not successful in collecting funds, last resort is to file charges.

## **IRS Non-Profit Guidelines**

- PTAs are organized as a 501(c) (3) - nonprofit charitable, educational association.
- All funds raised by PTA belong to PTA.
- Funds raised are not spent at the sole discretion of one individual (including school administrators).