

# Table Of Contents

## Financial

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168-170	Fiduciary Responsibilities Guide For Board Members
171	2015-2016 Financial Time Line
172-175	Financial FAQs
172	What is a PTA in Good Standing?
172	Is Our Local PTA Tax Exempt?
173	What is an IRS Determination or 501(c)(3) Letter?
173	What is a Form W-9?
173	What are the Requirements for Acknowledging Donors or Sponsors?
173	What Tax Filings Must a PTA Do?
173	What is a Gross Receipts Test?
174	How do We Go About Creating A Budget?
174	Where Can I Find a List of What Our PTA Can or Cannot Spend Money on?
175	How do We Get an Annual Financial Reconciliation (AFR) of Our PTA Done?
175	What is a Year-End Financial Statement?
177-178	Local PTA/PTSA Ethics/Conflict Of Interest Policy - Information
179	Local PTA/PTSA Ethics/Conflict Of Interest Policy - Signature Form
181-183	Basic Fiscal Management Procedures - Information
185	Basic Fiscal Management Procedures - Signature Form
187	Fundraising Guidelines
187	IRS Filings
188	Sample Forms
189	Annual Financial Reconciliation (AFR) Procedure Checklist

# Fiduciary Responsibilities Guide For Board Members

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Serving on the Board of Directors of a non-profit organization is a significant commitment. It entails important responsibilities. Some of these responsibilities are imposed by state law; others are the result of years of court decisions which have imposed various “fiduciary duties” on directors.

## **fi-du-ci-ar-y**

n. a person who holds something in trust for another; a trustee

### **A. Fiduciary Duties**

The ultimate authority for managing the affairs of the association is vested in the Board of Directors. Because the law grants directors such authority, the law also imposes on directors an obligation to act in the best interests of the association. The law requires directors to act:

1. in good faith;
2. with the care an ordinary prudent person in a like position would exercise under similar circumstances; and
3. in a manner the director reasonably believes to be in the best interests of the organization.

### **B. Duty of Care**

The duty of care contains several elements. Its violation is the most frequent source of liability for directors.

1. Attendance
  - Directors must attend Board meetings. Courts will have no sympathy for directors who claim as a defense to any legal action that they did not know of a particular issue or did not participate in a particular action because of failure to attend Board meetings.
  - Directors who do not attend meetings are nevertheless bound by actions taken at those meetings and will be held responsible if any such actions are deemed negligent.
  - The act of failing to attend Board meetings may itself be deemed to be negligent behavior. Board meetings should be missed only for unavoidable emergencies. A Board member who repeatedly misses meetings should consider resignation.
2. Delegation vs. Abdication
  - While the Board of Directors makes the important policy decisions that guide and determine the activities of the association, it must rely on others to carry out the decisions. Such delegation is necessary and legal.
  - Boards also delegate their duties to committees and other outside parties, such as accountants and attorneys.
  - A Board must monitor those to whom it has delegated authority to make sure such persons are acting responsibly.
  - Delegation does not relieve a Board of liability.

## C. Duty of Loyalty

By assuming office, the director commits allegiance to the association and acknowledges that the best interests of the association must prevail over any individual interest of the director, the director's employer, and the director's family and associates. Actions and decisions of the director, while he or she is serving as a director, must promote the association's purpose and well-being rather than any private interest.

1. The duty of loyalty is transgressed when a director uses his or her office to promote, advance, or effectuate a transaction between the association and such person or his or relatives or associates, and that transaction is not substantively fair to the association.
2. Full disclosure and refraining from discussion and voting are required when a director may be influenced by a private interest.

## D. Information Flow

The essence of the duty of care is the duty to be informed. Courts will not tolerate directors who are not sufficiently informed about the activities of their association. On the other hand, courts will not generally second-guess decisions of boards based on thorough research and business judgment.

1. Directors must assure themselves that information and reporting systems exist in the association that are reasonably designed to provide to senior management and to the Board itself timely, accurate information, sufficient to allow management and the Board to reach an informed judgment.
2. A Board's decision not only must be informed, but also must be reasoned and deliberate.
  - Decisions should be made by the Board deliberately and without haste or pressure.
  - The Board should be as thoroughly and completely prepared in its decision-making process as possible. Materials concerning decisions should be sent out for review in advance; and the Board should read and understand those materials.
  - The Board members should be actively involved in deliberation in the Board meeting. Written materials should be read, digested, and commented on by Board members.
  - Written records of Board preparation and deliberation should be maintained.
  - In the case of any major transaction, the Board should receive the basic documents and analysis by experts in connection with the transaction.
  - Independent evaluations and appraisals, as necessary, should be prepared by experts and presented to the Board.

## E. Duty of Obedience

Directors have a duty to follow the association's global governing documents (such as Articles of Incorporation and Bylaws) to carry out the association's mission and to ensure that funds are used for lawful purposes. Directors must also comply with state and federal laws relating to the association.

## F. Financial Controls

One of the Board's responsibilities is to oversee the association's financial affairs, including making sure that the association has adequate internal accounting systems and controls.

1. The Board should be responsible for approving its association's annual budget.

2. Board members should expect the treasurer to produce timely and adequate income and expense statements, balance sheets, and budget status reports.
3. If appropriate, the Board should employ independent accounting professionals and review the annual report of such professionals.

## **G. Safeguarding Assets**

The Board should oversee the effective use of the resources of the association. Internal policies should be adopted and large transactions reviewed to ensure that the association's assets are not misapplied or wasted.

1. The Board is not an insurer of the adequate performance of the association's funds. There is no implied guarantee by a Board that its investment decisions will be profitable. The decisions must, however, be reasonable and defensible.
2. Directors are not expected or legally required to be experts in investment matters. Retention and reliance on advisors with good reputations is considered the exercise of prudence.
3. Intangible assets, such as the association's goodwill, must also be safeguarded by the Board. The Board should evaluate the association's activities and proposed activities with the overriding goal of protecting the association's brand.

### **INFORMATION PROVIDED BY:**

Paula Cozzi Goedert, Barnes & Thornburg LLP  
Chicago, Illinois  
paula.goedert@btlaw.com

# 2015-2016 Financial Time Line

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Keep copies for your records of all reports and forms submitted  
 Current version of forms are available on Utah PTA website: [www.utahpta.org](http://www.utahpta.org)

<b>July 1</b>	Fiscal Year Begins Change over PTA checking account signers	
<b>By the 25<sup>th</sup></b>	Membership Dues (Remit monthly) Council Membership Dues (If applicable)	National & State portions submit to <u>Utah PTA</u> Council portions submit to <u>Council PTA</u>
<b>August 1</b>	2014-2015 Year-End Financial Statement Annual Financial Reconciliation Report (AFR) Copy of Completed 990 Form Sales Tax Refund Request Form (YELLOW paper)	Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u>
<b>August 15</b>	Council Summary of Year-End Financial Reports Copy of Completed 990s Sales Tax Forms-Council Compilation (PINK paper)	Council submit to <u>Region</u> Council submit to <u>Region</u> Council submit to <u>Region</u>
<b>September 1</b>	PTA Board List Budget Copy of Minutes when budget was approved Signed Ethics/Conflict of Interest Form Signed Basic Fiscal Management Form Proof of Insurance Council/Region Summary of Year-End Financial Reports Copy of Completed 990s Sales Tax Forms - Region Compilation (LILAC paper)	Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Region submit to <u>Utah PTA</u> Region submit to <u>Utah PTA</u> Region submit to <u>Utah PTA</u>
<b>September 15</b>	Council/Region Beginning Year Reports Form	Council submit to <u>Region</u>
<b>September 25</b>	Membership Dues - Early Bird Remittance Deadline	
<b>October 1</b>	Council/Region Beginning Year Reports Form	Region submit to <u>Utah PTA</u>
<b>December 1</b>	Membership Dues - Remittance Deadline to participate in Utah PTA programs	
<b>February 1</b>	Sales Tax Refund Request Form (YELLOW paper) Arts Education Fund Grant Deadline	Local PTA submit to <u>Council/Region</u>
<b>February 15</b>	Sales Tax Forms - Council Compilation (PINK paper)	Council submit to <u>Region</u>
<b>March 1</b>	Sales Tax Forms - Region Compilation (LILAC paper)	Region submit to <u>Utah PTA</u>
<b>June 30</b>	Fiscal year ends and financial books must be closed, prepare Year-End Financial Reports	
<b>July 15</b>	2015-2016 Year-End Financial Statement Annual Financial Reconciliation Report (AFR) Copy of Completed 990 Form Sales Tax Refund Request Form (YELLOW paper)	Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u> Local PTA submit to <u>Council/Region</u>

# Financial FAQs

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The most up-to-date financial information for PTAs is found at [www.UtahPTA.org/Treasurer](http://www.UtahPTA.org/Treasurer)

## What is a PTA in Good Standing?

For a local PTA to be “in good standing,” it must be in compliance with National PTA and Utah PTA bylaws and guidelines, including the following:

- Adhering to the Purposes and basic policies of PTA
- Having an EIN (Employer Identification Number) from the IRS on file with Utah PTA
- Submitting to Utah PTA the names and contact information of current officers• Having bylaws renewed by Utah PTA every three years
- Remitting national and state portions of membership dues to Utah PTA by dates designated. The current procedure requires local PTAs to make monthly remittances, by the 25<sup>th</sup> of each month.
- Submitting to council and/or region year-end financial statement, annual financial reconciliation, and approved budget
- Submitting appropriate IRS filing by October 15

If a local PTA is not in good standing, neither the PTA nor the students attending the PTA’s school are eligible to participate in PTA programs (such as Reflections or Battle of the Bands) or receive awards. Sales tax refunds will not be issued to PTAs not in good standing, and these PTAs may be subject to loss of their tax-exempt status through Utah PTA’s group exemption with the IRS.

## Is Our Local PTA Tax Exempt?

Utah PTA has secured a **501(c)(3) exemption ruling from the IRS**, recognizing it as a public charity. Each local PTA in Utah in good standing is covered under Utah PTA’s group exemption. (The IRS group exemption number (GEN) is 7212.) The IRS requires Utah PTA to submit annually a list of its subordinate units (local, council, and region PTAs) in good standing.

One major advantage of exempt status under section 501(c)(3) is that contributions to Utah PTA and its subordinate units may be treated as charitable contributions by donors in calculating their federal income taxes. If a potential donor needs verification of a local PTA’s exempt status, the local PTA should contact the Utah PTA office, who will provide a letter about the group ruling. Another significant advantage of exempt status is that most PTA fundraising activities are exempt from federal income taxes.

Utah PTA also has an **exemption from sales tax from the Utah State Tax Commission**. State law requires every PTA to pay sales tax on purchases under \$1000 and then request a refund. Utah PTA has established a procedure for applying for a refund; instructions and forms are located in the Treasurer handbook and at [www.utahpta.org/treasurer](http://www.utahpta.org/treasurer). The Utah PTA tax-exempt number is 12510060-002-STC. For purchases over \$1000, vendors may request a tax exemption certificate; PTAs can obtain that certificate by calling the Utah PTA office.

## What is an IRS Determination or 501(c)(3) Letter?

The IRS issues a “determination letter” to organizations that have qualified for tax-exempt status. Because Utah PTA, as a central organization, determines which PTAs are included as subordinates under its group exemption ruling, anyone seeking to verify that a PTA in Utah is tax-exempt should contact the Utah PTA treasurer. Utah PTA can provide a letter about the group ruling and a copy of its determination letter from the IRS for potential donors, sponsors, or grantors. According to IRS Publication 4573, “donors may rely upon central organization verification with respect to deductibility of contributions to subordinates covered in a section 501(c)(3) group exemption ruling.”

## What is a Form W-9?

Someone who is giving money to your PTA may ask you to complete Form W-9, entitled *Request for Taxpayer Identification Number and Certification*. The form is used simply to verify the PTA name, address, and EIN. You should put **PTA Utah Congress** for the “Name” and your individual PTA’s name for “Business Name.” The appropriate box to check is **Other**, inserting the word “Association.” You should also check the box **Exempt from backup withholding**. Be sure to use the PTA’s EIN, as noted in your bylaws, not a personal Social Security number. Either the president or the treasurer can sign the form.

## What are the Requirements for Acknowledging Donors or Sponsors?

IRS Publication 1771, *Charitable Contributions – Substantiation and Disclosure Requirements*, explains the federal tax law for charities (like PTAs) that receive tax-deductible contributions. The publication can be downloaded from the IRS website ([www.irs.gov](http://www.irs.gov)). Information about how the law applies to PTAs can be found in the *Treasurer Handbook*.

## What Tax Filings Must a PTA Do?

All PTAs are required to file a tax return 990 with the IRS. Most will file a 990N, electronic notice (e-postcard) for tax exempt organizations not required to file form 990 or 990EZ. Please refer to Utah PTA Treasurer’s Handbook or the Utah PTA website for current instructions.

## What is a Gross Receipts Test?

The determination of which IRS form is required by your PTA is based on the **Gross Receipts Test**, which looks at a *three-year average* to determine the PTA’s “normal” gross receipts. The *gross receipts* amount is calculated by totaling all income received during each fiscal year *before* any costs or expenses are deducted. Funds on hand at the beginning of the fiscal year are not included. The Utah PTA and National PTA portions of membership dues collected should also be excluded, as these amounts do not belong to the local PTA and represent a “payable” rather than “income.” For fiscal year 2014-2015, if the average is greater than \$50,000, then the PTA must file Form 990EZ. Otherwise, the PTA will file Form 990N (the e-Postcard).

## How do We Go About Creating a Budget?

### Budgets

- Help each Board member determine what funds will be necessary to meet the goals you set together based on your needs assessment.
- Be realistic—use budgets from previous years as a guideline.
- Your budget must be approved at the first general membership meeting of the new school year. This could be at Back-to-School Night. Any amendments to your budget (including additional income or expenditures) throughout the year must be approved by the general membership.
- A copy of your budget and the minutes of the meeting where the budget was approved must be submitted to your council president/region director by September 1.
- Include funds for leadership training (conferences and Utah PTA conventions). Training is an important and long-lasting use of PTA funds. It will benefit your school for years to come, as well as your local Board and your general membership. It is definitely a legitimate PTA expense.

The budget is your financial road map for the year. The budgeting process should be taken seriously. However, it does not need to be complicated.

Sources of information to create the 2015-2016 budget include the 2014-2015 financial records, a needs assessment, and input from each commissioner and/or chairperson.

The treasurer is the chair of the budget committee. The president is a member of the budget committee, as are other elected officers or general members as either elected or appointed by the president. The budget committee will develop a budget and then propose it to the entire executive committee for their approval. Once the proposed budget is approved by the executive committee, it **must** be approved by a majority vote of a quorum of the membership at the first general membership meeting of the year. A copy of the approved budget and the minutes of the general membership meeting where it was approved must be submitted to the Council/Region by October 1.

Additional information about the budgeting process, including making motions and amending an approved budget, can be found on the Treasurer page of the website at [www.utahpta.org/treasurer](http://www.utahpta.org/treasurer).

## Where Can I Find a List of What Our PTA Can or Cannot Spend Money On?

There is no published list from either National PTA or the IRS of acceptable PTA expenditures. PTA's Mission and its tax-exempt status should guide your decisions. All expenditures in the PTA budget must support the Mission of PTA. If there is a questionable expenditure, a good rule of thumb is to authorize the expenditure only if you could defend it to the IRS in case of an audit.

Utah PTA takes no official position on the appropriateness of specific expenditures of its affiliated local PTAs, except as follows:

- All activities should be in accordance with the Purposes and mission of PTA, as outlined in the bylaws and as required by our status with the IRS as a 501(c)(3) public charity.
- A needs assessment should direct the work of the local PTA and its annual goals and objectives.
- All expenditures must be made with the budget categories and amounts approved by the general membership.
- Local PTAs should comply with the guidelines of the school district in which they operate.



## How Do We Get an Annual Financial Reconciliation (AFR) of Our PTA Done?

- An Annual Financial Reconciliation (AFR) must be conducted at the end of each fiscal year, and in the event of a vacancy in the office of treasurer, before the new treasurer takes office.
- An AFR may be performed by an auditor or AFR committee of at least three members, appointed by the executive committee.
- The AFR report must be adopted by the general membership at the first general membership meeting of the new fiscal year.
- A copy of the AFR report must be submitted to your council president/region director by August 1.

An annual AFR of the PTA's books is required by the bylaws (Article VII, Section 6). The AFR is to be performed either by an AFR committee of at least three members of the PTA or by an auditor. An AFR committee would perform an "internal AFR," following Utah PTA's recommended AFR procedure checklist (a copy of which can be found in this section of the handbook). An outside auditor is **not** required to perform an AFR in accordance with generally accepted reconciliation standards. "Agreed-upon procedures" (based on the recommended internal AFR procedures) are sufficient to fulfill the requirement. An auditor who is a member of the PTA could perform an "internal AFR" such as would be performed by an AFR committee. Additional information about PTA AFR can be found in the *Treasurer Handbook* and on the Treasurer page of the website at [www.utahpta.org/treasurer](http://www.utahpta.org/treasurer).

## What is a Year-End Financial Statement?

- A year-end financial statement must be prepared by the treasurer, giving a full accounting of all income and expenses for the year, including beginning and ending balances.
- The statement should include all accounts in the PTA name.
- The year-end financial statement must be submitted with the treasurer's records for reconciliation.
- A copy of the year-end report must be submitted to your council president/region director by August 1.



# Local PTA/PTSA

## Ethics/Conflict Of Interest Policy

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Region \_\_\_\_\_ Council (If applicable) \_\_\_\_\_

Local PTA/PTSA \_\_\_\_\_ President \_\_\_\_\_

Members of the Board of Directors (board members) of this PTA/PTSA serve in a fiduciary capacity and owe a duty of care, a duty of obedience, and a duty of loyalty to this PTA/PTSA. Board members shall conduct themselves with integrity and honesty and act in the best interests of this PTA /PTSA. Disclosure by a board member of any potential or actual conflict of interest is required by the standard of good faith and for the benefit of the PTA and protection of each individual.

In consideration of our local PTA/PTSA affiliation with the Utah Congress of Parents and Teachers (Utah PTA), for the protection of its integrity and its 501(c)(3) status and for our protection, we, the undersigned officers, individually, during our term of office, shall:

1. Abide by and represent our PTA/PTSA bylaws, Utah PTA policies, positions, procedures, and National PTA Purposes and mission statement;
2. Discharge the duties and responsibilities of our individual offices with fidelity, integrity, and honesty and declare any and all personal and/or extended family conflicts of interest when PTA issues, decisions, and funds are involved;
3. Not misuse the PTA's federal tax-exempt status or exemption from sales tax for personal or unauthorized purposes nor disburse funds for any purpose other than authorized, budgeted PTA programs, projects, and activities;
4. Refrain from making slanderous or defamatory comments regarding any individual or organization;
5. Follow Utah PTA and school district guidelines for fundraising;
6. Abide by the following conflict of interest policy:
  - Board members and/or their families shall not use their relation to this PTA/PTSA for financial, professional, business, employment, personal, and/or political gain.
  - A conflict of interest exists when a board member would have to participate in the deliberation or decision of any issue of this PTA/PTSA while, at the same time, the board member and/or his/her extended family has financial, professional, business, employment, personal, and/or political interests outside the PTA that could predispose or bias the board member to a particular view, goal, or decision.
  - Board members shall declare to the officers of this PTA/PTSA conflicts of interest (stating the nature of the conflict and pertinent information as appropriate) between their duties of this PTA/PTSA and their and/or their extended families' financial, professional, business, employment, personal, and/or political interests.
  - When a conflict of interest is declared, the board member shall not use his or her personal influence or position to affect the outcome of the vote and shall leave the room during deliberations and the vote.
  - The minutes of the meeting shall reflect that a conflict of interest was declared.

- Board members shall not:
  - a. Use PTA's name, influence, or resources for their benefit or gain when running for any public elected office or while serving as an elected official.
  - b. Directly or indirectly use their current PTA position, the PTA name, or the association for or against any specific candidate for elected office, which is contrary to federal tax laws and the guidelines and policies of the PTA. (Past PTA experience may be listed in any brochures.)

## **Guidelines to Follow When There has been Mismanagement or a Conflict of Interest**

1. When mismanagement and/or conflict of interest is suspected, the following PTA lines of communication of informing, receiving direction and assistance should be followed: The local PTA should contact the council. The council in turn should contact the region, and the region will contact Utah PTA. If for some reason assistance cannot be obtained through this line of communication, contact Utah PTA directly.
2. When any wrongdoing is suspected those involved should have a meeting with the local executive committee with notification given to the council/region representative. If the outcome of the meeting is unsatisfactory for either party, the decision may be appealed up the lines of communication. If the issue involves a president or president-elect, council/region leadership must facilitate the meeting. Once wrongdoing is suspected, a meeting should take place in a timely manner. If an outside investigation is warranted, authorities may become involved.
3. The PTA officers and/or Board members have a responsibility to the membership and to act in a professional manner. Refer to local PTA bylaws (Article VI, Section 1), "The officers of this PTA/PTSA shall abide by, promote, and represent the Purposes, mission, bylaws, policies, and procedures of PTA." The PTA officers and/or Board members should protect the person's reputation by using discretion in what is said and done, especially in the preliminary stages of an investigation. However, it is not acceptable to disregard the incident.
4. Refer to local PTA bylaws (Article VI, Sections 7b, c and d):
  - 7b - "If an officer or appointee fails... to perform the duties of his office the members of the executive committee shall meet and declare the office or position vacant."
  - 7c - "All resignations must be made in writing to the president." If the office of president is declared vacant, the letter of resignation must be made to the council/region/Utah PTA.
  - 7d - A vacancy occurring in the office of president shall be filled for the remainder of the unexpired term by the president-elect, who shall then cease to be president-elect. A vacancy occurring in the office of president-elect shall be filled by a vote of the general membership at a special election meeting called by the president, all members having been notified. A vacancy occurring in any other office shall be filled for the remainder of the unexpired term by a person elected by a majority vote of the remaining members of the executive committee, all members of the committee having been notified."
5. When necessary, the Region Director and/or Utah PTA may declare the office or position vacant.





# Basic Fiscal Management Procedures

## **PTA Funds**

PTA funds are used to help fulfill the three Utah PTA goals:

- Advocate for children
- Involve parents in the schools
- Develop leadership and parenting skills

## **Do You Have These Basic Controls In Place?**

- The treasurer maintains custody of the checkbook at all times.
- Supporting documentation is required for every disbursement made.
- Payments are made from original invoices whenever feasible.
- Checks are issued in number sequence order.
- All checks have two signatures—the treasurer, except in an emergency, and one additional signer, preferably the president or the president-elect or the secretary.
- There are no blank checks with a signature(s)!
- Checks are never made out to “cash.”
- Detailed supporting documentation is maintained for every deposit made.
- Three people are present for all counting of cash (membership drive, book fair, fundraiser, etc.).
- All money received is deposited the same day, using the bank’s night depository for events concluded after banking hours.
- Bank statements (and other bank correspondence) are mailed to the school address in care of the president. The president should open the bank statement, review it, and sign or initial and date it before giving it to the treasurer.
- Bank statements are reconciled to check registers in a timely manner.
- There are no ATM, debit cards, or credit cards in connection with PTA accounts.
- The treasurer prepares and presents a treasurer’s report at each general membership meeting and at executive committee and board meetings as deemed appropriate.

PTAs must have money to operate. They do not exist to raise money but rather raise money to exist. Without realizing the problems inherent in the management of an organization's finances, some PTA members or officers have found themselves in difficult situations. These situations can be avoided by following the above-mentioned basic fiscal management procedures.

Each PTA should recognize that the treasurer is the legally responsible, authorized custodian, elected by the members to have charge of the funds of the PTA unit. He or she should receive and disburse all moneys as prescribed in the local bylaws or as authorized by action of the PTA's Board of Directors. He or she should keep a full account of receipts and expenditures.

It is essential that the president, who bears full responsibility for the total affairs of the PTA unit, work closely with the treasurer at all times and have a complete understanding of all financial matters. All persons signing on a PTA checking account are liable for the use or misuse of those funds.

Other officers or members may be required to occasionally handle PTA money (for example, dues from membership enrollment or revenue from a fundraising project). In these cases, great care should be taken in counting and recording moneys received in accordance with established procedures. Money thus collected should be turned over to the treasurer without delay, and the treasurer should bank that money immediately. PTA money should never be stored in the school in the homes of PTA officers or members. If large sums are handled by the treasurer, it is advisable to bond him or her as a protection both to the treasurer and to the PTA.

Local PTAs should maintain one checking account with one checkbook. Two signatures should be required for all checks. None of those authorized to sign checks may be related by blood or marriage, nor reside in the same household. The checking account should be maintained in a bank approved by the Board of Directors. PTA moneys should not be deposited in the personal account of any officer nor commingled with school accounts.

It is an unfortunate fact that non-profit organizations are susceptible to fraud. PTAs are run by volunteers who want to trust one another, but the trusting environment of the PTA is exactly what a dishonest individual exploits.

One of the most important things that you can do for the well-being of your PTA is to implement and follow a system of internal controls. Good internal controls are reasonable rules that are consistently applied. They guard against both errors—unintentional mistakes—and irregularities—deliberate attempts to misuse or misappropriate the assets of the PTA.

## **Guidelines to Follow When Money Has Been Mismanaged or Embezzled**

1. When mismanagement or embezzlement of funds is suspected, the PTA line of communication should be followed in informing and receiving direction and assistance. The local PTA should contact the council. The council in turn will contact the region, and the region will make contact with the Utah PTA treasurer. If for some reason assistance cannot be obtained through the line of communication, contact the Utah PTA treasurer directly.
2. When any wrongdoing is suspected, the person involved should have a meeting with the local executive committee and make an explanation of what has happened. If the meeting is unsatisfactory for either party, the decision may be appealed up the line of communication. If the issue involves a president or president-elect, council/region leadership must facilitate the meeting. Once wrongdoing is suspected, meetings should take place in a timely manner. If an outside investigation is warranted, authorities may become involved.



3. The PTA officers have a responsibility to the membership for all PTA monies. The PTA also has the responsibility to be a professional organization. The PTA officers are highly encouraged to try to protect the person's reputation by using discretion in what is said and done, especially in the preliminary stages of an investigation. It is not responsible, however, to disregard the incident.
4. If the results of the meeting warrant further action, the executive committee should request that an AFR be done, if appropriate, and documentation gathered. They should also carefully consider whether it might be appropriate to file a police report and/or to close the bank account. If an outside investigation is warranted, the police will become involved.
5. Theft of money is breaking the law and should be handled as a serious offense. Embezzlement is the same as ordinary theft. The charges are criminal and, if deemed appropriate, are filed at the police department. Depending on the amount it could be a misdemeanor up to a felony.
6. According to the local PTA bylaws (Article VI, Section 7b), a person who fails to perform the duties of his office should be removed from office. It is the responsibility of the local executive committee to meet and declare the office or position vacant. All resignations must be made in writing to the president. The local executive committee is to elect a replacement to fill any vacancy.



# Basic Fiscal Management Procedures

*We have read, understand, and agree to abide by the Basic Fiscal Management Procedures.*

Region \_\_\_\_\_ Council (if applicable) \_\_\_\_\_

Local PTA \_\_\_\_\_  
(Name) (Signature)

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

Treasurer \_\_\_\_\_

All other elected PTA officers' signatures:

\_\_\_\_\_  
(Name) (Title) (Signature)

\_\_\_\_\_  
(Name) (Title) (Signature)

\_\_\_\_\_  
(Name) (Title) (Signature)

\_\_\_\_\_  
(Name) (Title) (Signature)

\_\_\_\_\_  
(Name) (Title) (Signature)

\_\_\_\_\_  
(Name) (Title) (Signature)

\_\_\_\_\_  
(Name) (Title) (Signature)

Membership chair's signature:

\_\_\_\_\_  
(Name) (Signature)

Fundraising chairs' signatures:

\_\_\_\_\_  
(Name) (Signature)

\_\_\_\_\_  
(Name) (Signature)

Each local PTA shall obtain the appropriate signatures on this form, make a copy of the form for all signers, and submit the signed original to the council president/treasurer by September 1. Completion of the form is reported to the region director/treasurer and to Utah PTA via the Council Money Handling Form.



# Fundraising Guidelines

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- PTA is a child advocacy association—not a fundraising association.
- Remember—PTA does not exist to raise funds—PTA raises funds to exist!
- Decide early what funds will be needed to accomplish the programs and activities identified in your needs assessment.
- Attend Utah PTA Leadership Convention in May and visit the exhibits there for various fundraising ideas.
- Be familiar with your school district policy on fundraising.
- Children should not be exploited (i.e., used in door-to-door fundraising activities).
- Do not use high-pressure selling or competitive incentives.
- The appointment of a fundraising chair will help ease your responsibilities.
- Read National PTA’s PTA Money Matters Quick-Reference Guide for guidelines and responsibilities concerning fundraising.
- Work closely with your school principal in planning fundraising activities, remembering that PTA is not a fundraising organization.

## IRS Filings

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All PTAs in Utah are required to make an annual filing with the IRS. Some PTAs are required to file **Form 990EZ**, which is titled “Short Form - Return of Organization Exempt from Income Tax.” All PTA units (local, council, and region) not required to file a Form 990EZ must file **Form 990N**, also known as the e-Postcard. The IRS deadline for both forms is September 1.


The determination of which form is required is based on the **Gross Receipts Test**, which looks at a three-year average to determine the PTA’s “normal” gross receipts. For fiscal year 2014-2015, PTAs with gross receipts normally over \$50,000 are required to file Form 990EZ (including the applicable schedules). All other PTAs will file Form 990N (the e-Postcard).

**Form 990N** (the e-Postcard) is filed electronically at <http://epostcard.form990.org>. Only basic information is required on the form. Form 990N can be filed as soon as the AFR is completed after June 30. Utah PTA recommends that it be filed by August 1. Copies of the e-Postcard will be collected by your council or region and forwarded to Utah PTA.

**Form 990EZ** and the related schedules are available at [www.irs.gov](http://www.irs.gov). Schedule A is required for all PTAs. Unless Schedule B is required, the PTA must check the appropriate box indicating that it is not required. Schedules C and G may also be required. Completed forms should be mailed to Utah PTA by October 1. **They should not be mailed directly to the IRS!**

# Sample Forms

These forms can be found in the Treasurer Handbook, the Membership section of this handbook or online at: [www.utahpta.org/financial-forms-reports](http://www.utahpta.org/financial-forms-reports) or [www.utahpta.org/membership-remittance-forms](http://www.utahpta.org/membership-remittance-forms).



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### Remittance Form STATE & NATIONAL MEMBERSHIP DUES 2015-2016

SEND TO:  
→  
UTAH PTA  
←

Region: \_\_\_\_\_ Council: \_\_\_\_\_ Date: \_\_\_\_\_

PTA Name: \_\_\_\_\_

PTA Unit ID Number: \_\_\_\_\_

Local PTA President: \_\_\_\_\_

Phone: \_\_\_\_\_ Email Address: \_\_\_\_\_

Check One:  Elementary  Middle  Jr. High  High School

\_\_\_\_\_ X \$2.25 (National PTA Dues) = \$ \_\_\_\_\_  
# of Members

\_\_\_\_\_ X \$1.75 (Utah PTA Dues) = \$ \_\_\_\_\_  
# of Members

Total Remittance: \$ \_\_\_\_\_

**Membership dues should be remitted by the 25th of each month.**


Please make **one** check payable to Utah PTA for Total Remittance amount above.  
Membership dues should be paid by a **PTA check** - No cash or personal checks.

Mail completed form to:  
Utah PTA  
5192 S. Greenpine Drive, Salt Lake City, Utah 84123-4606

The enclosed dues cover the period from \_\_\_\_\_ to \_\_\_\_\_

Remitted on \_\_\_\_\_ (date) By check number \_\_\_\_\_

*Local PTAs must remit all current memberships by November 25th in order to participate in Utah PTA programs. The Early Bird Award deadline is September 25.*



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### Remittance Form COUNCIL MEMBERSHIP DUES 2015-2016

SEND TO:  
→  
COUNCIL  
←

Region: \_\_\_\_\_ Council: \_\_\_\_\_ Date: \_\_\_\_\_

PTA Name: \_\_\_\_\_

PTA Unit ID Number: \_\_\_\_\_

Local PTA President: \_\_\_\_\_

Phone: \_\_\_\_\_ Email Address: \_\_\_\_\_

Check One:  Elementary  Middle  Jr. High  High School

\_\_\_\_\_ X Council Dues @ \$ \_\_\_\_\_ = \$ \_\_\_\_\_  
# of Members

Council dues remitted on \_\_\_\_\_ (date) by check number \_\_\_\_\_

Mail this completed form and check to Council President or Treasurer.

**This form is only to be used by PTAs that are organized in councils.**

*The council dues amount is determined by the council bylaws.  
Please check with your council for the correct amount.*

## Annual Financial Reconciliation (AFR) Report FOR FISCAL YEAR: 2014-2015

Name of PTA: \_\_\_\_\_ Date: \_\_\_\_\_

Council: \_\_\_\_\_ Region: \_\_\_\_\_

Balance on Hand as of July 1 (should agree to prior year report) ..... \$ \_\_\_\_\_ (1)

Receipts (total deposits from July 1 to June 30) ..... \$ + \_\_\_\_\_ (2)

Total (add lines 1 and 2) ..... \$ = \_\_\_\_\_ (3)

Disbursements (total checks written from July 1 to June 30) ..... \$ - \_\_\_\_\_ (4)

Balance on Hand as of June 30 (checkbook or ledger balance) ..... \$ = \_\_\_\_\_ (5)  
*This balance should agree with line 9.*

Bank Balance as of \_\_\_\_\_ (date of most recent bank statement) ..... \$ \_\_\_\_\_ (6)

Checks Outstanding (subtract from line 6 ..... \$ - \_\_\_\_\_ (7)  
List:

Deposits Pending (add to line 6 ..... \$ + \_\_\_\_\_ (8)  
List:

Adjusted Bank Balance ..... \$ = \_\_\_\_\_ (9)  
*This balance should agree with line 5.*

We have examined the books of the treasurer of the \_\_\_\_\_ PTA/PTSA in accordance with procedures outlined by Utah PTA and find them to be (choose one of the following):

Correct  
 Incorrect  
 Incomplete for the following reasons:

Date AFR Completed: \_\_\_\_\_  
Signature(s) of Auditor or auditing committee: \_\_\_\_\_

\_\_\_\_\_  
*Signature Printed Name*

\_\_\_\_\_  
*Signature Printed Name*

\_\_\_\_\_  
*Signature Printed Name*

*(Note: A computer-generated version of the audit report is acceptable but should provide the same information as outlined here.)*

NOTE: Please reproduce on YELLOW paper (front to back)

## Sales Tax Refund Request Unit Form (For Local, Council, and Region Use)

Taxes Paid January 1–June 30, 2015 Due to Council / Region August 1, 2015  
 Taxes Paid July 1–December 31, 2015 Due to Council / Region February 1, 2016  
 Taxes Paid January 1–December 31, 2015 Due to Council / Region February 1, 2016  
 Taxes Paid January 1–June 30, 2016 Due to Council / Region August 1, 2016

Region/Council \_\_\_\_\_

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

School Address \_\_\_\_\_

President's Name \_\_\_\_\_

Email or Phone \_\_\_\_\_

Treasurer's Name \_\_\_\_\_

Email or Phone \_\_\_\_\_

Utah PTA Tax Exempt #12510060-002-STC	Office Use:
EIN #: _____	Check # _____
Date Bylaws Approved _____	Date: _____
Have Membership Dues Been Paid? YES / NO	

Total Sales Tax \$ \_\_\_\_\_  
(From back)

*Utah PTA State Office will deduct a \$2.00 handling fee. If refund is under \$20.00, handling fee is waived.*

Please list data about tax paid on the reverse side, or attach a computer-generated report of that information.

I certify that the information on this form is accurate.

\_\_\_\_\_  
*Signature Position*

*(Please refer to Instructions for Submitting Sales Tax Refund Request forms.)*

# Annual Financial Reconciliation (AFR) Procedure Checklist

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For more detailed information on the Annual Financial Reconciliation (AFR) procedure, see Utah PTA's Treasurer Handbook.

**It is recommended that this checklist be filed with the AFR report in the permanent file.**

- Agree beginning balance (July 1) to ending balance (June 30) on previous AFR report and on June 30 bank reconciliation.
- Check year-end financial statement and monthly treasurer's reports for accuracy.
- Review final bank reconciliation (preferably June 30), noting deposits pending and checks outstanding.
- Verify that all income and expenses listed on the year-end financial statement were included in the approved budget.

## **Perform a sample test of transactions:**

- Review monthly bank reconciliations.
- Examine canceled checks for two signatures and, if possible, appropriate endorsements.
- Trace deposits made to cash counting sheets and deposit slips.
- Trace checks paid to check request forms, noting appropriate authorizations and supporting documentation.

## **Reconcile membership dues income to membership reports:**

- Reconcile number of members to amount recorded as income (# of members x local portion of membership dues amount).
- Make certain that Utah PTA and National PTA portions of membership dues receipts (amounts not belonging to the unit) have been recorded separately from other receipts and remitted to Utah PTA in a timely manner.
- If appropriate, make certain that council PTA membership dues have also been remitted to the council PTA in a timely manner.
- Determine whether refunds have been requested through Utah PTA for all sales tax paid during the year.

**NOTE:** A copy of the AFR report must be submitted to the council/region no later than August 1. The AFR report must be officially adopted by the PTA's membership at the first general meeting of the new fiscal year and filed in the unit's permanent file.

