

ANNUAL FINANCIAL REPORT (TREASURER'S FINAL REPORT FOR FY)

PTA/PTSA NAME: _____ Fiscal Year: **2018-2019**

	<u>BUDGETED</u>	<u>ACTUAL</u>
Balance from Previous year:	610.89	610.89
<u>RECEIPTS/INCOME:</u>		
1. Membership Dues	2,500.00	2,600.00
2. Donations (Individual & Corporate)	5,000.00	5,000.00
2. Fundraising		
a. Special Events	30,000.00	29,892.50
b. Candy Sale	6,000.00	7,250.00
c. Bookfair	4,000.00	4,500.00
d. Yearbook	2,000.00	1,975.00
4. Project/Program Generated Revenue	<u>720.00</u>	<u>823.50</u>
Total Receipts/Income:	50,830.89	52,651.89
<u>DISBURSEMENTS/EXPENSES:</u>		
Organizational Expenses:		
10. State & National Dues	812.50	845.00
11. Training	250.00	260.00
12. PTA Publications	150.00	21.75
13. Delegate Expenses	2,000.00	1,950.00
14. Insurance	<u>200.00</u>	<u>179.00</u>
Total Organizational Expenses	3,412.50	3,255.75
Operating Expenses:		
20. Supplies/Postage	250.00	200.00
21. Newsletter	1,000.00	978.25
22. PayPal Fees	500.00	500.00
23. Bank Charges/Fees	<u>50.00</u>	<u>80.00</u>
Total Operating Expenses	1,800.00	1,758.25
PTA Objectives:		
30. Parent Programs	2,000.00	2,000.00
31. Life Membership & Awards	2,500.00	2,427.30
32. Scholarships	2,000.00	1,400.00
33. Cultural Arts	5,000.00	4,850.00
34. Classroom Teachers	3,000.00	3,000.00
35. Student Activities	<u>6,720.00</u>	<u>6,773.50</u>
Total PTA Objectives	21,220.00	20,450.80
Fund Raising Expenses		
40. Special Events	15,000.00	14,946.25
41. Candy Sale	2,400.00	3,387.37
42. Bookfair	2,000.00	2,250.00
43. Yearbook	<u>2,000.00</u>	<u>1,975.00</u>
Total Fundraising Expenses	21,400.00	22,558.62
Carryover	2,998.39	4,628.47
TOTAL DISBURSEMENTS	50,830.89	52,651.89

PTA/PTSA ANNUAL FINANCIAL REVIEW FORM

Fiscal Year Covered by Financial Review: July 1, 20 _____ to June 30th 20 _____
 Check numbers covered by this Financial Review: Beginning check _____ Ending check # _____

- **BALANCE ON HAND** (at time of last Financial Review **on June 30th of previous year**) \$ _____
- **RECEIPTS/INCOME** received since last Financial Review. \$ _____
- **TOTAL CASH** (add Line 1 and Line 2 together for Total Cash) \$ _____
- **EXPENSES/DISBURSEMENTS** since last Financial Review \$ _____
- **BALANCE ON HAND** as of date of Financial Review (subtract Line 4 from Line 3) \$ _____
- **BANK STATEMENT BALANCE** as of June 30, 20_ \$ _____
- **OUTSTANDING CHECKS** (write total amount of outstanding checks) \$ _____

Date of Check	Checks#	Amount of Transaction	Date of Check	Check #	Amount of Transaction

Balance in Checking Account (Subtract Line 7 from Line 6)..... \$ _____

***** Line 5 and Line 8 must be the same to balance the PTA books to bank account. *****

If receipts reported on line 2 is greater than or equal to \$50,000, and your average gross receipts for the past (3) years are greater than \$50,000, YOU MUST COMPLETE THIS SECTION below to calculate the Gross Income and Total Expenses to be used on your IRS Form 990EZ or 990 (long form).

8. Total Members Paid for this Fiscal Year ___ x \$4.25 = (payments made to Free State PTA) \$ _____
 9. Subtract line 9 from line 2 to calculate **Gross Receipts used for IRS reporting on Form 990** \$ _____
 10. Subtract line 9 from line 4 to calculate **Total Expenses used for IRS reporting on Form 990** \$ _____

PLEASE CHECK ONE:

- We have reviewed the books and find them to be correct.
- We have reviewed the books and found the following problems and or/make these suggestions.
- We have reviewed the books and found significant problems that must be reported **Free State PTA** immediately for assistance.

COMMENTS REQUIRED: If the financial committee finds missing funds, inadequate records, or if standard best practices and accounting procedures are not used, this information must be detailed on attached findings and recommendations.

We have attached our findings/recommendations to this form.

 Reviewer Signature/Date

 Reviewer Signature/Date

 Reviewer Signature/Date

 Printed Name of Reviewer

 Printed Name of Reviewer

 Printed Name of Reviewer

 Current President's Signature

 Current Treasurer's Signature

 Date

A copy of the signed and dated Financial Review Report must be sent to Free State PTA by October 31st annually. Once a 990 is filed with the IRS, on or before November 15, you must forward an "accepted" copy of the 990N or a complete signed and dated copy of the 990EZ or 990 to Free State PTA. Include copies of all 990EZ and 990 Schedules.

Annual Financial Review

The PTA Financial Review

Conducting a Financial Review

Forms

THE PTA FINANCIAL REVIEW

The Purpose of a Financial Review

To Certify the accuracy of the books and records.

To Assure the membership that assets are being managed in a businesslike manner.

To Verify that the Executive Board has fulfilled its Fiduciary Responsibility.

To Satisfy federal, state and bylaw requirements to protect the PTA's 501(c)(3) status.

A Financial Review or Audit involves examining financial records and transactions to ensure that receipts have been properly accounted for and expenditures have been properly authorized and recorded, in conformity with PTA Bylaws, Standing Rules and Budget limitations. Its purpose is to assure both the membership and the Board of Directors that the funds of the PTA have been properly administered and that good financial practices have been followed.

The books and records must be reviewed annually at the end of the fiscal year (**June 30th**) or at any time there is a change in the position of treasurer or any other officer with financial signature authority. Refer to the article on "Duties of Officers" in your local PTA unit bylaws, Article VII.

The Difference Between a Financial Review and an Audit

There is a difference between an Audit and a Financial Review. The PTA/PTSA only needs to conduct one (1) of these options.

According to National PTA, an Audit is an extensive external process performed by a hired certified public accounting firm (CPA) for a fee.

A Financial Review is an internal process performed by the three (3) members of the Financial Review Committee.

An Audit Is Conducted by Professional

An Audit requires the retaining (hiring by paying a fee) a professional firm with nonprofit accounting experience. Most local PTA/PTSA units will not need to hire a professional. State laws require 501(c)(3) organizations to hire a professional firm to complete the audit when gross income exceeds a certain amount. Check with Free State PTA. If applicable you will hire a firm to:

Compile Financial Statements

The CPA receives financial information from the PTA, reviews it for obvious errors without verifying the facts or tracing the transactions, and prepares financial statements using the information provided. Upon completion, a report is issued that states a compilation was performed in accordance with professional standards, but no assurance is expressed on the statements.

Review Financial Statements

The CPA performs inquiry and analytical procedures in addition to the procedures described above for a compilation. Upon completion, a report is issued stating that a review has been performed in accordance with professional standards, that the review conducted was less rigorous in scope than an audit, and that the CPA did not become aware of any material modifications that should be made in order for the statements to be in conformity with generally accepted accounting principles.

Audit Financial Statements

This would be most appropriate for state PTAs, very large PTAs or PTAs that are required to obtain external audits due to requirements from grantors. In an audit, the CPA performs all the steps indicated above, as well as additional confirmation, verification and substantiation procedures. When the audit is complete, the CPA expresses an opinion that the financial statements present fairly the entity's financial position and results of operations.

An Internal Committee Conducts the Financial Review.

A Financial Review Committee (Bylaws Article VII Section 4, h. & Article VIII) should consist of not less than three

(3) PTA members selected by the Board of Directors. It should be noted that this is a committee of PTA members. PTA is a member association, and the books and records belong to the membership. Non-members do not have a right to examine these records.

THIS COMMITTEE MUST NOT INCLUDE ANYONE WITH SIGNATURE AUTHORITY OVER THE PTA'S BANK ACCOUNT OR ANYONE RELATED TO OR LIVING IN THE SAME HOUSEHOLD AS A PERSON WITH SIGNATURE AUTHORITY.

Incoming officers that were not on the PTA bank account during the year being reviewed can be part of the committee.

STEPS FOR CONDUCTING A PTA FINANCIAL REVIEW

At the end of the fiscal year (**after June 30th**), it is important to conduct a financial review of the Treasurer's records. The Financial Review is laid out in the steps for below.

Step 1: Recruit an Internal Committee

Your financial review committee must NOT consist of anyone with, related to or living in the same household as someone check signing authority.

The committee must meet the following criteria:

- ▶ The committee consists of three (3) people selected by the Board of Directors.
- ▶ The committee consists of dues paying PTA members only.
- ▶ Incoming officers that were not on the PTA bank account during the year being reviewed are eligible to be a part of the committee.

Step 2: Provide Committee with Treasurer's records including:

- ▶ A copy of the last Annual Financial Review Report
- ▶ Checkbook and canceled checks
- ▶ Bank statements and deposit receipts
- ▶ Treasurer's book or ledger or access to the accounting software
- ▶ The Annual Financial Report (final Treasurer's report Budget vs Actuals)
- ▶ Itemized statements and receipts of bills paid
- ▶ Disbursement/Reimbursement Forms
- ▶ Copies of all Board, Executive Committee, and General Membership meeting minutes
- ▶ Current bylaws and standing rules
- ▶ Any other information requested by the financial review committee

Step 3: Explore the records starting after the last Financial Review through the fiscal year

Check to see if the amount shown on the bank statement corresponds to the starting balance recorded in the checkbook and ledger.

Step 4: Explore a sampling of transactions

The size of this sample should be based on the size of the association. If mistakes are found, the sample should be broadened to take in more transactions. You may need to review all the transactions of a PTA. Contact Free State PTA if there are many errors or concerns about accuracy.

Some items to look for:

- ▶ Monthly bank reconciliation
- ▶ Unexplained reconciling items
- ▶ Unusual endorsements on checks

- ▶ A match of check endorsements to payees (person receiving check also signed the check)
- ▶ Disbursements not supported by invoices or other documentation
- ▶ Blank checks secured in a safe place (no signing of blank checks or checks missing from checkbook)
- ▶ Deposit ticket dates timely with dates received by bank
- ▶ Timeliness of deposits based on known dates of events
- ▶ All invoices paid by check and not cash

Step 5. Ensure accurate disbursements

Make certain that money collected for a specific purpose (special projects, gifts, scholarship funds, council dues, etc.) has been disbursed for that purpose. This includes keeping State and National portions of the membership dues separate from other receipts and sending immediately to the Free State PTA.

Step 6. Check the Treasurer's reports and Final Annual Report for accuracy

Step 7. Collaborate with Treasurer and President to correct errors

After errors have been corrected by the Treasurer, and the President is satisfied that the financial accounts are correct, sign and date the annual report. **"Examined and found correct. (Name), (Date)."**

Step 8. Prepare Financial Review results

The Financial Review Committee **must** submit a report documenting their efforts and sharing results. When there are not adequate records available to conduct a proper accounting of the association's funds, sample statements might read:

- ▶ **CORRECT:** The Financial Review Committee has examined the records of ABC PTA for the period of (time covered) and found them to be correct.
- ▶ Balance on hand: \$Amount
- ▶ All committee members sign
- ▶ **NOT CORRECT:** The Financial Review Committee has examined the records of _____ PTA and found that more adequate accounting procedures need to be followed so a more thorough financial review can be given.
- ▶ The Financial Review Committee should indicate the information that is needed.
- ▶ All committee members sign.

Step 9. Submit report to Board and Membership

The Financial Review must be officially adopted by the General Membership of the PTA at the first general meeting of the year. If the report states that more information and verification is needed, the Treasurer should provide the requested information.

The Annual Financial Review Report along with the Annual Financial Report (Treasurer's final report with Budget vs Actual) must be sent to the Free State PTA office by October 31st.

Step 10. Contact Free State PTA

At any time during the process, contact Free State PTA for information or assistance.

If the validity of the Financial Review is questioned, Free State PTA will provide you with the next steps to be taken.

PTA/PTSA ANNUAL FINANCIAL REVIEW FORM

What is the Purpose of a Financial Review?

- ▶ To **Certify** the accuracy of the books and records;
- ▶ To **Assure** the membership that assets are being managed in a businesslike manner;
- ▶ To **Verify** that the Executive Board has fulfilled its Fiduciary Responsibility;
- ▶ To **Satisfy** federal, state and bylaw requirements to protect the PTA's 501(c)(3) status.

There are several steps that must be taken to conduct an accurate and successful Financial Review.

1. The Board of Directors must select a Financial Committee Review of **three (3) PTA** members prior to the end of the fiscal year, if possible, according to the Local Unit Bylaws.
2. The PTA/SA Treasurer must organize and give all financial records listed below to the Financial Review Committee at the end of the fiscal year, after June 30th.
3. The completed Financial Review is presented and adopted by the General Membership at the first general meeting.
4. To remain in **Good Standing**, PTAs must email, fax or mail a completed, signed and dated, copy of the Annual Financial Review and the Annual Financial (Treasurer's Final report) Report to Free State PTA. It must be mailed, emailed or faxed on or before **October 31st annually**.

Date of Financial Review: _____ **8 Digit Local PTA Unit ID:** _____

FULL PTA/PTSA Name: _____ **County:** _____

Contact Person: _____ **PTA Position:** _____

Address: _____ **City:** _____ **Zip:** _____

Phone: _____ **Email:** _____

Financial Review Committee: Please complete Sections 1 and 2. Review Period: July 1, 20 _____ to June 30, 20 _____

Section 1. Financial Review Committee:

Please check the boxes of the financial records provided to you from the Treasurer:

- Copy of last Annual Financial Review report from previous fiscal year;
- All Bank Statements and Reconciliations (including PayPal, Square, etc.);
- Check Copies or Canceled Checks or Check Images on Bank Statements;
- All Cash Verification Forms with Deposit Slips Attached;
- All Disbursement Forms with Original Receipts/Invoices Attached;
- Treasurer's Ledger Book (Excel Spreadsheet, QuickBooks, etc.);
- Copies of any Financial Reviews conducted for any reason during the year;
- Annual Financial Report and the Treasurer's reports from ALL PTA/PTSA meetings including the final General Membership meeting;
- Copy of Final Approved budget and all amendments (approved by the general membership) Amendments
- MUST** be included in the minutes;
- Minutes of all Board, Executive and General Membership meetings;
- Bylaws - Current copy of approved local unit bylaws;
- Copy of IRS Form 990, 990EZ or 990N (e-Postcard) filed the previous fiscal year;

