



Financial Workshop & Training

2016-2017

Maryland
PTA[®]
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Always remember:

It is not your Money!



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Treasurer's Basics

Duties of The Treasurer



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Taking Office-Where to Begin

- Accept **financial reviewed books only**
- Review the Financial Review and Consider Any Recommendations for the Coming Year
- Create a Treasurer's Resource Library
 - ☐ Bylaws
 - ☐ Cash Encounters
 - ☐ Money Matters
 - ☐ Additional Procedures



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Taking Office -- 2

- File Signature Cards With The Bank
- Receive and Review Previous Files and Permanent Records
- Verify insurance payment
- Begin your file



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Treasurer's (Permanent) Files

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



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Duties of the Treasurer

- **The Definition of a Treasurer:**

Elected custodian in charge of funds, responsible/accountable for receiving and disbursing all monies as outlined in your PTA/PTSA bylaws.



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Duties -- 1

- Review Bylaws Relating to Finance, Dues and Duties
- Attend All Meetings and Serve on the Executive Committee/Board of Directors



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Duties -- 2

- Properly Receive, Deposit, and Disburse Funds
- Maintain Records for Financial Review
- Prepare Written Reports for General, Executive, and Board of Directors Meetings
- Chair The Budget Committee
- Prepare The Budget



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Duties -- 3

- Pay All Authorized PTA Financial Obligations
- Forward State and National Dues to Maryland PTA
- Cooperate with Membership and Fundraising Chairs



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Duties – 4

- Attend Training Workshops at All Levels
- Retain All Receipts, Bank Statements and Cancelled Checks
- Prepare Annual Financial Report
- Maintain Treasurer's Permanent Records



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Duties -- 5

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



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Record Retention

■ Permanently

- ☐ Articles of Incorporation
- ☐ Annual Financial Reviews
- ☐ Any IRS Documents
- ☐ Insurance Records
- ☐ Minutes

■ 10 Years

- ☐ Budgets
- ☐ Financial Statements

■ 7 Years

- ☐ Cash Receipts Records
- ☐ Cancelled Checks
- ☐ Disbursement Request
- ☐ Bank Statements

■ 1 Year

- ☐ Deposit Slips
- ☐ Bank Reconciliations



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Principles & Procedures of PTA Financial Management



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Principles & Procedures

- The Treasurer is the Authorized Custodian of the Funds of the PTA
- Work with an Approved Budget Only
- Use Authorized PTA Bank Accounts
 - NO DEBIT CARDS or COUNTER CHECKS
 - NO ON-LINE BANKING
 - Use Large Business Size Checks



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Principles & Procedures -- 2

- Keep Accurate Records
- Retain Proper Receipts- Original Receipts Only
- Administer all Funds
- Use Standard Financial Procedures
- Report at Regular Intervals
- Financial Review Conducted Annually
- FEIN:9 Digit Federal Employer Identification Number



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Financial Management Bookkeeping

- Simple
- Consistent
- Accurate
- Reliable
- Easily Understood



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Financial Management Bookkeeping -- 2

- Track Receipts and Disbursements by Accounts
 - ☐ Operational
 - ☐ Organizational
 - ☐ PTA Objectives (Program Services)
 - ☐ Fundraising

Financial Management

Bookkeeping -- 3

■ Reconciliation of Accounts

- ☐ Bank Statements Should Be Reconciled Immediately Upon Receipt from Bank
- ☐ Record Any Interest Earned or Bank Service Charges in the PTA Ledger and Check Register
- ☐ Bank Statements Should Never Be Sent to Any Members Home
- ☐ PTA President Should Always Review the Bank Statement and Sign. The Treasurer should sign and date. There should also be a review and dated signature by a non signer.



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Financial Management Receipts & Deposits

- Two People Should Always Count Money and Sign a Receipt
- Issue Receipts for Money (if applicable)
- All Checks Should be Endorsed Immediately
- All Money Should be Deposited Daily
- Develop an Income Form (See Sample)



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Financial Management

Receipts & Deposits -- 2

- All Deposits Should Be Promptly Recorded In The PTA Ledger and Check Register
- Never Place PTA Funds In A School Safe
- Money Is Never Deposited In Personal or School Bank Accounts
- Money Is Never Kept At Any Member's Home



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Financial Management Disbursements

- No Blank Checks Are Ever Issued or Signed
- No Bills Or Reimbursements Are Paid In Cash
- All Authorized Bills Should Be Paid By Check
- Do Not Pay Any Bill or Reimbursement Without a Receipt or Invoice
- Develop Reimbursement Form (See Sample)



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Financial Management

Disbursements -- 2

- Do Not Write a Check Payable to “Cash”
- Checks Must Be Signed By Two Authorized Persons
- Authorized Signers Should Not Be Related Or Live In The Same Household
- All Disbursements Should Be Promptly Recorded in PTA Ledger and Check Register



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Financial Management Reporting

- Annual Financial Report
- Annual Financial Review
- Written Reports for Meetings of the:
 - ☐ Executive Committee
 - ☐ Board of Directors
 - ☐ General Membership



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Financial Management Reporting -- 2

■ Written Report Should Include:

- ☐ Period Covered
- ☐ Balance on Hand at Beginning
- ☐ Itemized Detail of Amounts Received and Credited to the Accounts with Subtotals
- ☐ Itemized Detail of Amounts Disbursed by Accounts with Subtotals
- ☐ Balance on Hand at End of Period
- ☐ Comparison to the Budget (Board of Directors only)



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Budgets



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Budget Development

- When
 - During Planning Period for New Officers
 - Usually Occurs During the Summer



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Budget Development -- 2

■ Who

- ☐ Developed By a Budget Committee
- ☐ Appointed or Elected
- ☐ Usually Chaired by Treasurer
- ☐ Includes Other PTA Leaders
- ☐ Need Knowledge of What Has Occurred in the Past
- ☐ Need Knowledge of Future Plans



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Budget Process

- Identify Goals and Objectives of the PTA
 - Determine if appropriate for PTA
 - List programs, projects and activities
- List Operating and Organizational Items
- Analyze Past Activities
 - Refer to past records and committee plans of work
- Determine Expenses of Each Activity

Budget Process--2

■ Determine Revenue Sources

- Membership Dues
- Donations
- Corporate Sponsorships
- Grants and Awards
- Investments
- Advertising
- Gaming
- Fundraising



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Budget Process--3

- Assure Budget Balances
 - Must have a zero balance
 - Increase revenues or decrease expenditures
 - Should budget a start up amount for the next year

Budget Process--4

■ Obtain Approval

- ☐ Reviewed and approved by the board of directors
- ☐ Presented to and ratified by general membership

Budget Process--5


- Amend When Necessary
 - Not a brick wall
 - Only an estimate of expenses and revenues
 - Should be reviewed frequently
 - Can only be amended by the group which approved initially

Recommended Expenses

- Guest Speakers
- Hospitality
- Insurance
- PTA Training
- Legislative Activity
- Parent Workshops
- Volunteer Appreciation
- Postage & Stationary
- Promotional Items
- PTA Dues
- PTA Newsletter
- PTA Office Equipment
- PTA Publications
- Copying

Recommended Expenses--2

- Scholarships
- Awards
- Committee Expenses
- Cultural Arts
- Family Involvement
- Field Trips
- Fundraising Cost
- Taxes
- Memorials
- Needy Student Assistance
- Teacher Appreciation
- PTA/School Related Celebrations
- Communications
- Bank Fees



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

-National PTA 2008-2009 Money Matters



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Cautionary Expenses

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



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Other Considerations

- 3-1 Rule – Three Non- Fundraising Projects to Each Fundraiser
- One Well Planned Annual Fundraising Project May Be All You Need
- Unrelated Business Income

Review Sample Budgets

(See Cash Encounters or Sample Reports on MD PTA website)

- Line Item
- Categorical



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Funding Sources

Membership

- Primary Source of PTA Funds
- Determined According to Bylaws
- State, National, and/or Local Council Dues to be Remitted by Pre-Determined Dates
- Provides Revenue For Operating Expenses
- Family Memberships Are Not Recognized



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Donations

- Contributions to PTAs are Tax Deductible
- Quid Pro Quo
 - Contributions over \$75.00 with goods or services returned to donor require acknowledgement of allowable charitable deduction
 - Contributions over \$250.00 with no goods or services received require acknowledgement
- Acknowledgment: PTA name, \$ amount, Date, Statement regarding goods and services



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Donations -- 2

- Benefits valued at less than \$10.20/year need not be stated in the acknowledgement
- A donor claiming a monetary charitable contribution deduction of any amount cannot take the income tax deduction unless he or she has a cancelled check, bank record or acknowledgement



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Corporate Sponsorships

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

Grants & Awards

- Governmental
- Commercial
- National PTA
- Maryland PTA



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Investments

- Policy – Security, Liquidity, Yield
- Types – Savings Accounts, Certificates of Deposit, Mutual Funds, Stocks and Bonds
- Objectives – Make Resources Work, Minimum Effort,
- Establish Review and Evaluation



Advertising

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



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Gaming

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



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Fundraising

Types of Fundraising

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



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Practical Consideration

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



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Practical Consideration Cont.

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



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Finding A Good Fundraising Fit

- Quality
- Service
- Results
- Experience
- References



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Legal Implications

- Product liability
- Personal injury
- Contract Issues

What To Look For In An Agreement

- Review the list of agreed upon services to be sure it is clear who does what, and who pays for it.
- Check all the numbers. Be sure the percentage of profit is the same as those you agreed to verbally.
- Verify minimums, if applicable
- Are all the promotional materials such as take home brochures, display kit, sample packs, etc. listed in the contract.
- Who prepares the flyer and who has final approval.



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What To Look For Cont.

- Look for important dates and confirm that they are consistent with your verbal agreement.
- Are there penalties/compensation if dates are not followed
- Be sure procedures for handling damaged, unsold, or out-of-stock merchandise are included.
- Make certain all appropriate signatures are included and that it is clearly an agreement between two organizations, not between individuals.



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Audit/Financial Review



The Local PTA Financial Review

An official examination and verification of
accounts and records, especially of
financial accounts



Types of Audits/Financial Reviews

- Review – Checking of Records
- Compilation– Review and Report on Records for the Year
- Confirmation – Review and Report on Records Based on Checking with Vendor's, Payee's Accounts
- The Compilation is the most common for PTA's, better known as the Financial Review



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Purpose of Financial Review

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

When & Who

■ When

- ☐ Annually
- ☐ Change of treasurer or other authorized signature holder

■ Who Can

- ☐ CPA
- ☐ Someone from your PTA

- ☐ A financial review committee
- ☐ Anyone outside the PTA willing to do the review
- ☐ Can't – Anyone with signature authority for the financial records being reviewed



What Should Be Provided

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



Process for Financial Review

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



Process Detail

Receipts/Income

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

Process Detail

Disbursement/Expenditures

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



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Common Mistakes

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



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Summary Action

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



Summary Actions --2

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

Auditor/Financial Review Committee Report

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



Auditor/Financial Review Committee Report – 2

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





Review Sample PTA Financial Review Report Form and Report Summary



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Thank You!

Your time and commitment to
the service of PTA is greatly
appreciated!!!



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