

July 2017

Dear PTA President and Treasurer,

**Please read this entire notice.** It includes pertinent information on IRS form 990 tax laws that if overlooked may result in IRS fines.

Local unit and council PTAs must comply with NCPTA's Good Standing Requirements in order to maintain their charter and 501(c)(3) tax-exempt status. NCPTA requires all PTA units to furnish the following **three** items to us annually, as stated in the NCPTA Good Standing Requirements.

- **By July 31** – Enter the names of the 2017-18 local unit or council president and treasurer along with contact information (mailing address, telephone number and e-mail address)
- **By August 31** - Confirm your PTA's Annual Financial Review has been completed and results reported to your PTA's Board of Directors (for 2016-17 school year) — **Confirmation instructions and sample review information attached**
- **By November 15** - File your Annual Form 990 as required by the IRS (for 2016-17 school year) and confirm filing date in MemberHub — **Online confirmation instructions attached**

All chartered PTAs are required to submit this information to NCPTA. NCPTA will do its best to assist local units and councils to comply with these requirements; however it is **your** responsibility to get this information to us.

**Additionally, all non-profits, including those who grossed less than \$50,000, are required to file IRS 990 returns annually.** This law affects all PTA's regardless of size.

**Please note the following information regarding the requirements for filing the annual 990:**

(Instructions available at [www.irs.gov](http://www.irs.gov))

- Gross receipts **are \$50,000 or less**, the PTA must electronically submit Form 990-N, also known as the e-Postcard.
- Gross receipts **are less than \$200,000 and total assets are less than \$500,000**, the PTA may file Form 990-EZ and other related information forms provided by the IRS.
- Gross receipts of **more than \$200,000** must file Form 990 and other related information forms provided by the IRS.

**The 990 return for the tax year that covers July 1, 2016-June 30, 2017 must be filed by November 15, 2017.**

Please remember that we are here to assist you so do not hesitate to contact our office. We will do our best to answer your questions and to help you remain in compliance with NCPTA and the IRS. We can be reached at [office@ncpta.org](mailto:office@ncpta.org).

# Local Unit/Council Annual Financial Review

NCPTA requires each local PTA unit and council to complete an annual Financial Review.

**Confirmation** of the completed financial review must be submitted through MemberHub on or before **August 31**.

## What happens after the review is completed?

- The Audit Committee reports its findings to the Board of Directors.
- A copy of the report is included in the minutes.
- **Confirmation of the completed review is submitted through your MemberHub site.**

## When can the information be entered?

After July 1 of each year.

## Local Unit/Council Annual Financial Review Confirmation Instructions

By **August 31**, you will need to submit your Financial Review Confirmation in MemberHub.

Site Administrators for your PTA MemberHub site will see a tab in the **Admin Console** labeled **PTA**. Clicking on that tab gives you access to various pages to perform PTA-specific duties that keep your unit in good standing.

After clicking the PTA tab, click **Financial Review Confirmations** on the right. You will then see the previous financial review confirmations.

The screenshot shows the MemberHub Admin Console interface. At the top, there is a navigation bar with several tabs: Get Started, Activity, Hubs, People, Site Joins, PTA, Money, Settings, and SponsorShare. The PTA tab is highlighted with a red circle. Below the navigation bar, the main content area is titled "PTA Financial Review Confirmation". It contains a paragraph explaining that each local PTA unit and council is required to complete a Financial Review by August 31 of each year. Below this, there is a table with the following data:

Name	Office	Year	Submitted
Elizabeth Fischer	Audit Chair	2015-2016	2016-10-12
Elizabeth Fischer	Audit Chair	2014-2015	2015-08-28

Below the table, there is a button labeled "Add Financial Review Confirmation". On the right side of the page, there is a sidebar titled "PTA Pages" with a list of options: Officers, Add Members, Financial Review Confirmations (which is selected with a green arrow), and Form 990 Confirmations.

**Add Financial Review Confirmation**

First Name: Helen  
Last Name: Green  
Email Address: [redacted]  
Position\*: [dropdown]  
Date Financial Review Completed\*: [calendar icon]  
Membership Year of Financial Review\*: 2015-16  
 I confirm my PTA's annual financial review has been completed  
Submit Confirmation Cancel

Simply click the **Add Financial Review Confirmation** button on the left under that list.

The resulting popup window will allow you complete the form and post the new confirmation.

Then just click the **Submit Confirmation** button on the bottom.

You're all set! This data will automatically sync with your state PTA database.

The Financial Review Confirmation **cannot** be changed after you click the “Submit” button. If you need to make a change to the Confirmation information, you will have to delete the Confirmation and start over. This Confirmation must be completed by **August 31** of each year in order to remain a unit in good standing with NCPTA.

Attached are a Sample Review Checklist and the questions your Audit Committee may use to complete your PTA’s annual financial review. Please remember that you may not mail this report to the State Office – **confirmation** must be entered into **MemberHub** directly by your PTA.

**PLEASE BE SURE THAT THE PERSONS ATTESTING TO YOUR SCHOOLS FINANCIAL REVIEW UNDERSTAND THE RESPONSIBILITY AND IMPORTANCE OF THIS REVIEW.**

# Procedures for Conducting a Financial Review

## **What information will be needed to complete a Financial Review?**

- Total gross income of your PTA during the fiscal year
- Treasurer's Reports
- Bank Statements
- Copy of annual budget
- Number of PTA members during the fiscal year
- General knowledge regarding your PTA's budget, financial controls, insurance, tax forms, and management

## **The treasurer shall deliver the following to the reviewer(s):**

- A copy of the last financial review report
- Checkbook and canceled checks
- Bank statements and deposit receipts
- Treasurer's book or ledger
- The annual financial report
- Itemized statements and receipts of bills paid
- Check requests
- Copies of the General Membership Meeting minutes that would include an adopted budget, as well as any amendments that were approved during the year
- Current bylaws and standing rules
- Any other information requested by the financial review committee

## **Guidelines for conducting the review:**

- A financial review of your books **is not** required to be conducted by a Certified Public Accountant.
- This review can be performed by an Audit Committee, which should consist of **no less** than three members and is selected by the Board of Directors (see Uniform Bylaws, Section 8.2). The Financial Review Committee **may not** include anyone that was authorized to sign on the PTA bank accounts (during the fiscal year of the audit).
- **No** close relatives of those authorized to sign the PTA bank accounts may assist in conducting the financial review.
- It is recommended that the school Principal **not** be included on the audit committee.

## **Financial Review Procedure**

- Start the financial review with the records posted after the last annual financial review. Check to see if the amount shown on the bank statement corresponds to the starting balance recorded in the checkbook and ledger.
- Complete a sample test 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. It may be deemed necessary to review all the transactions of a PTA. You should consider retaining the services of an external auditor if nearly all of the transactions are reviewed due to errors or concerns regarding accuracy.
- Some items to look for:
  - Monthly bank reconciliation
  - Unexplained reconciling items
  - Unusual endorsements on checks
  - A match of check endorsements to payees
  - Disbursements not supported by invoices or other documentation
  - Blank checks secured in a safe place
  - 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
- Make certain that state and national portions of the membership dues have been kept separate from other receipts and forwarded immediately to the state office.
- Make certain that money collected for a specific purpose (special projects, gifts, scholarship funds, council dues, etc.) has been so disbursed.
- Check the treasurer's reports and annual report for accuracy.
- After any errors have been corrected by the treasurer, and the Board of Directors is satisfied that the financial accounts are correct, sign and date the annual report using a different color ink: "Examined and found correct. (Name), (Date)."
- If all is in order, the financial review committee or auditor should prepare a statement, and the auditor, or each member of the financial review committee, should sign it.

A sample statement might read, "The auditing committee has examined the records of \_\_\_\_\_ PTA for the period of (time covered) and found them to be correct. Balance on hand: \$ \_\_\_\_\_." (Signatures of committee)

The financial review committee also must submit a report in the event that there are not adequate records available to conduct a proper accounting of the association's funds.

A sample statement might read, "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.

The financial review must be officially adopted by the association and must be included in a completed annual report covering the association's entire fiscal year. If the report states that additional information and verification is needed, the treasurer should provide the requested information.

If the validity of the financial review is questioned, an independent certified public accountant (CPA) should be engaged. At any time during the process, the state PTA may be contacted for information or assistance.

## Sample Review Checklist

		<b>Sample Review Checklist</b>
<b>Response</b>		
<b>Yes</b>	<b>No</b>	
<b>FINANCIAL CONTROLS</b>		
		The check signature cards are up to date at the bank with at least three persons authorized by the Board of Directors.
		Someone other than those who are authorized to sign checks performs bank reconciliations each month.
		PTA monies are kept separate from school, personal, or other organizations' funds.
		Purchases and reimbursement expenditures have a check request and receipts.
<b>BUDGET</b>		
		There is an approved motion in the General Membership minutes for the budget?
		The Budget shows all sources of income and expenses.
		A procedure is in place to record and report all monies received.
		Income was properly allocated and categorized in the budget.
		There is an income budget line for sales tax refunds received semiannually.
		Expenses were properly allocated and categorized in the budget.
<b>INCOME</b>		
		Income was properly allocated and categorized in accordance with the budget?
		Number of Members (adults and students) that joined your PTA for the year in review matches the dues amount sent to the NCPTA State Office at \$4.00 per member.
		A receipt signed by at least two authorized persons accompanies cash funds deposited.
<b>EXPENDITURES</b>		
		Expenditures were properly allocated and categorized in accordance with the budget?
		There is a proper bill or voucher for expenditures?
		Each expenditure was a part of the budget?
		The state and national portion of membership dues were sent to the NCPTA by the 15th of each month that dues were collected.
		Check requests are signed by the appropriate people and checked against the appropriate budget line item.
		Checks are signed by at least two authorized people.
		Checks are numbered in sequence and any missing checks are recorded.
<b>CHECKS/BANKING</b>		
		Did authorized unit officers properly sign all checks?
		Are all checks accounted for?
		There is a returned check policy approved by this PTA and published to all those doing transactions with this PTA.
<b>FINANCIAL REPORTS</b>		
		Regular monthly budget/treasurer reports were given to the Board of Directors.
		Regular budget/treasurer reports were given to the general membership.
		Were the financial records maintained in an orderly manner?
<b>INTERNAL REVENUE SERVICE</b>		
		There are procedures in place to have all tax forms filed on time for this fiscal year.
		Did/will the unit/council file the 990EZ or the 990-N postcard with the IRS? (Due by November 15 of each year)

<b>CARRY OVER FUNDS</b>		
		Did end of year balance increase by more than 10%?
		If yes, was the increase necessary for a long-term project?
		The budget makes provisions for carry over funds to provide for the new PTA year.
<b>NC DEPARTMENT OF REVENUE</b>		
		Is the PTA unit/council registered with the North Carolina Department of Revenue Sales and Use Tax Division (do they have a Certificate of Registration)?
		The sales tax refund forms were properly filed in July and January.
<b>INSURANCE</b>		
		Does the PTA unit/council have liability, bonding and property insurance?
		Copies of all policies are maintained with the permanent PTA records.

Date Review Completed: \_\_\_\_\_

By: 1) \_\_\_\_\_  
2) \_\_\_\_\_  
3) \_\_\_\_\_

Balance on Hand \$ \_\_\_\_\_

**REVIEW COMMITTEE RECOMMENDATIONS: (please attach recommendations on a separate sheet)**  
**Attach the final bank reconciliation and the final treasurer's report to this checklist for presentation to your PTA's Board of Directors.**

## Annual 990 Confirmation

**First Step: File your PTA's 990 return with the IRS by November 15<sup>th</sup>**  
**([www.irs.gov](http://www.irs.gov))**  
**And then Confirm filing with NCPTA**

The IRS requires non-profit organizations to file a 990 informational return annually. This filing is also a requirement of remaining a unit in good standing with NCPTA.

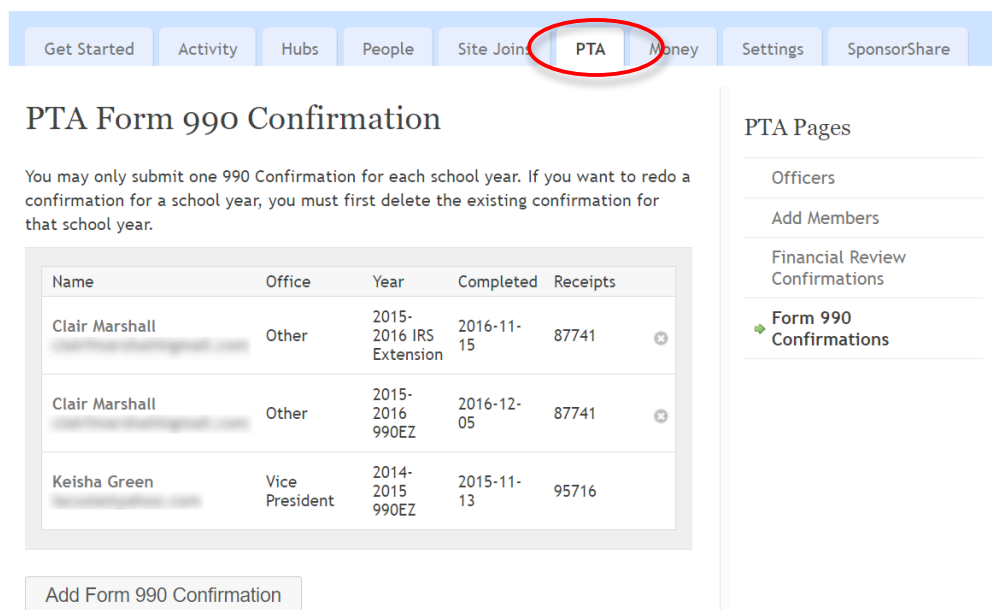
Failure to file the 990 return with the IRS for three consecutive years results in revocation of your PTA's tax-exempt status. NCPTA's goal is to prevent our PTAs from losing their tax-exempt status with the IRS.

### Annual 990 Confirmation Instructions

By **November 15**, you will need to submit your Form 990 Confirmation in MemberHub.

Site Administrators for your PTA MemberHub site will see a tab in the **Admin Console** labeled **PTA**. Clicking on that tab gives you access to various pages to perform PTA-specific duties that keep your unit in good standing.

After clicking the PTA tab, click **Form 990 Confirmations** on the right. You will then see the previous Form 990 confirmations.



PTA Form 990 Confirmation

You may only submit one 990 Confirmation for each school year. If you want to redo a confirmation for a school year, you must first delete the existing confirmation for that school year.

Name	Office	Year	Completed	Receipts
Clair Marshall	Other	2015-2016 IRS Extension	2016-11-15	87741
Clair Marshall	Other	2015-2016 990EZ	2016-12-05	87741
Keisha Green	Vice President	2014-2015 990EZ	2015-11-13	95716

Add Form 990 Confirmation

PTA Pages

- Officers
- Add Members
- Financial Review Confirmations
- Form 990 Confirmations

Simply click the **Add Form 990 Confirmation** button on the left under that list.

**Please Note: This confirmation does not replace the actual filing of the Form 990 with the IRS due by November 15 of each year.**



**Add Form 990 Confirmation**

Please note: This confirmation does not replace the actual filing of Form 990 with the IRS, due by November 15 of each year.

[Click here](#) to determine the type of 990 your PTA is required to file."

First Name\*  Last Name\*

Email Address\*

Position\*  Fiscal year\*

990 Filing\*  Date Form 990 Filed\*

The resulting popup window will allow you to complete the form and post the new confirmation.

Then just click the **Submit Confirmation** button on the bottom.

You're all set! This data will automatically sync with your state PTA.

The Form 990 Confirmation cannot be changed after you click the "Submit" button. If you need to make a change to the confirmation information, you will have to delete the confirmation and start over.

**The 990 return must be filed with the IRS and this confirmation must be completed by November 15 of each year in order to remain a unit in good standing with NCPTA.**

**To determine the type of 990 your PTA is required to file, go to:**  
**<https://www.irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in>**

**Charities & Non-Profits Topics**

- A-Z Index
- Search for Charities
- Education Sessions
- Charity and Nonprofit Audits
- Free e-Newsletter
- Future Webinars and Recorded Events
- Life Cycle
- Taxpayer Bill of Rights
- Requesting Educational Services
- Tax Exempt and Government Entities
- Tax Exempt and Governmental Entities Issue Snapshots
- Charities & Non-Profits Home

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

### About filing

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.

- The Form 990-N electronic-filing system moved from Urban Institute's website to IRS.gov in February 2016. **All filers** must register at IRS.gov prior to filing their next Form 990-N. This is a one-time registration; you won't be asked to register again when filing 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](#) 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.

### 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, their integrated auxiliaries, and conventions or associations of churches, and
- Organizations required to file a different return

### 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 your tax year ended on December 31, the e-Postcard is due May 15 of the following year. 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. Watch this IRS [YouTube presentation](#) for more information.

### 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.

### Ready to file?

After you have read the information above and the User Guide, use the [Form 990-N Electronic Filing System \(e-Postcard\)](#) page to start the process.

### Search for Form 990-N filings

To search for organizations that have filed Form 990-N and to view their filings, see [Exempt Organizations Select Check](#). You can also download the entire database of Form 990-N filings.

### Additional information

- [Frequently Asked Questions](#) - Form 990-N
- [User Guide](#) for Form 990-N Electronic Filing System (e-Postcard)
- [Form 990 Overview course](#) at StayExempt.IRS.gov
- [Frequently Asked Questions](#) - Automatic revocation for not filing annual return or notice
- [Final regulations](#) (August 10, 2009)
- [Educational tools](#) - Help spread the word – Help small tax-exempt organizations stay exempt!
- [EO Select Check](#) - Search for organizations that have filed Form 990-N and view their filings
- [EO Update](#) - Subscribe to the IRS Exempt Organizations email newsletter that highlights new information

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