NCPTA WEBINAR SERIES

LIFELINE FOR LEADERS

Held the 2nd Monday of each month
End of Year
Financial Boot Camp

Treasury and Finance Workshop

Presented by
Tony Proctor
NCPTA Treasurer
Welcome and thanks for joining us!

• Today’s session is being recorded, and we will have the recorded webinar loaded to www.ncpta.org later this week.
• Due to the number of participants in today’s session and the need to eliminate background noise on the webinar, all participants are muted.
• Also, on your webinar control panel, you’ll see that the presenter is listed as being Nellie Taylor, but we just wanted to let you know that it’s actually Tony Proctor speaking.
End of Year Financial Boot Camp

Handling Questions on Today’s Webinar

– Please enter questions in the question box to the upper right of your screen
– We will do our best to handle questions at the end of the webinar.
– If you still have questions after the end of the webinar, please don’t hesitate to submit questions to office@ncpta.org, and we’ll get back to you as quickly as possible.
End of Year Financial Boot Camp

PTA Leader Resources from NCPTA

• NCPTA leader resources available online at www.ncpta.org
• Click on “Leaders” in the top toolbar
• On the leaders page, you’ll see a listing of resources on the right side, including leadership tools, MemberHub, good standing information, and membership tips.
• The NCPTA website also offers a “search” box.
Today’s Workshop Objectives

• Understand what support resources are available to guide you in financial matters.
• Understand how to close out your books and records for the year.
• Understand the importance of financial risk mitigation for your PTA unit
• Financial review:
  – Understand when a financial review is required and the types of reviews
  – Understand who may perform the review
  – Understand the database entry/reporting to NCPTA for your annual review
• IRS Form 990:
  – Understand the three different types of IRS Form 990s
  – Understand how your Board should stay informed of the 990 process
• Understand “Good Standing Requirements” for your unit
Resources to Guide Your Unit in making Financial decisions
Financial Management Guidance from National PTA

• National PTA has done a great job summarizing the work in PTA financial matters in the Local PTA Leaders Kit.

• For the entire load of Local Leader Kit information, visit [www.ptakit.org](http://www.ptakit.org) and you’ll see all the topics in the toolkit.

• Once there, you will want to visit the “finance” tab from the toolbar at the top of the website.

• Let’s visit there now: [www.ptakit.org](http://www.ptakit.org)
Uniform Bylaws will guide Roles & Responsibilities

• You’d be shocked by what you can learn from reading your unit’s Uniform Bylaws
• All PTA units in the state use the same bylaws
• You should have a copy readily available from your current PTA president. If not, contact office@ncpta.org for a copy.
Article 7 – Board of Directors

Section 7.4   Accounts and Records

This local PTA shall keep such permanent books of accounts and records as shall be sufficient to establish the items of gross income, receipts, and disbursements of the local PTA. These records shall include the official membership roster. Such books of accounts and records shall at all reasonable times be open to inspection by an authorized representative of NCPTA.
Closing out Your Unit’s Books and Records for the Year

Success

Presented by Sarah Martin, NCPTA Board of Directors
Closing out current year budgets

• You may need to educate your Board about funds availability as you get closer to year end.

• Consider contacting key committee chairs to discuss plans on remaining funds in their budgets.

• Work with your Board to establish deadline for check requests and reimbursement requests from current year funds.
Consideration of Budget Amendments

• After a thorough review of budget versus actual spending for the year, it may become clear that a budget amendment is needed.

• Uniform bylaws layout procedures for such amendments in Section 11.4: Amendments to the budget may be considered and adopted at regular or special general membership meetings.
Financial Risk Mitigation in your PTA unit
Guidance from National PTA

- Internal controls provide some level of assurance that
  - Financial reporting is reliable
  - Operations are being conducted efficiently and effectively
  - The PTA unit is complying with laws/regulations

- “Good internal controls will take away the opportunity needed by desperate people to commit a crime.” (National PTA website)

Audit Committee:

- Standing Committee of your PTA unit
- Composition of committee
The Audit Committee is a Standing Committee of your PTA Unit

- Board of Directors establishes audit committee by July 1 each year
- Board of Directors elects chair and members of the committee
- The president is an ex officio voting member of all standing committees **EXCEPT** Nominating Committee and Audit Committee.
Composition of Audit Committee

• Committee must have no fewer than three members.
• Individuals with check signing authority and their family members are not eligible
• Outgoing or incoming treasurer not eligible
• It is not recommended that a principal serve on the Audit Committee.
Financial Reviews:
- When and Types
- Who Performs?
- Database Entry/report to NCPTA
Bylaws Article 11 Addresses Financial Reviews for the PTA Unit

• Monthly Financial Reviews
• Financial review when a financial officer leaves office
• Annual financial review

Note that the Board may call for a financial review at other times, as well, and that such reviews would be conducted either by the Audit Committee or by an independent accountant.
• Article 11 – Finance and Budget

Section 11.1 - Monthly Financial Review

The audit committee will conduct a monthly review of this local PTA’s bank statements and supporting documents and shall sign an acknowledgment on the bank statements that the expenditures were consistent with the approved budget.
Monthly Financial Reviews

• No set reporting format that must be used (not reported to NCPTA)
• Not only required by bylaws, but also by many insurance companies
• Failure to perform these reviews (if required by insurance) can be grounds for denial of an insurance claim by your insurer.
• Quick procedure (may be done in just a few minutes)
• You really need an audit committee in order to do this – CPAs rarely perform these sorts of monthly procedures.
• Article 11 – Finance and Budget

Section 11.2 - Financial Review when financial officer leaves office

*If any officer with financial responsibility, including but not limited to check signing authorization, leaves office before the end of a fiscal year, the audit committee will conduct a review of the local PTA’s financial records.*
Financial Review When Financial Officer Leaves Office

- Provides protection for both the outgoing officer and the incoming replacement officer
- Recommend using the annual review checklist and reporting format
- Good idea to update in MemberHub. Note that MemberHub stores only one annual review for each year – so this WILL REPLACE your most recent annual review with a different time period.
Article 11 – Finance and Budget

Section 11.3 – Annual Financial Review

By August 31 each year, the audit committee, or a certified public accountant appointed by the board shall:

a. Examine the treasurer’s year-end financial report and this local PTA’s financial records (including but not limited to all depository accounts, the general ledger of receipts and expenditures, supporting documentation and checks, and records of membership dues paid); and
• Article 11– Finance and Budget

Section 11.3 – Annual Financial Review

b. State in writing whether or not the treasurer’s year-end report is correct and shall submit that statement, with a copy of the report, to the board of directors.
Info Needed for the Annual Financial Review

• Total gross income of your PTA unit for the year under review
• Treasurer’s Reports
• Bank Statements
• Number of PTA members during the fiscal year
• General knowledge re: your PTA’s budget, financial controls, insurance, tax forms, and management
• Copy of minutes of membership meetings
Info Needed for the Annual Financial Review

- Review instructions from NCPTA:
  - Visit www.ncpta.org and click on “leaders” in the top toolbar.
  - In the side box at the right of the page, click on “MemberHub”
  - Links are located there with Financial Review instructions and checklists for the review to be performed
After the Annual Financial Review

• Audit Committee should produce a report to the Board
• Go to MemberHub and confirm the date the annual Financial Review was completed and the results reported to your PTA’s Board of Directors
• Deadline for filing online is August 31 to remain in good standing. *If deadline is missed, moved with all rapidity to file as soon as practicable and to restore your good standing.*
• Should also summarize report to general membership
Confirm Date Completed in MemberHub

- Log in to MemberHub
- Click Orange Admin Console Button
- Click PTA
- Click Financial Review Confirmations
- Click Add Financial Review Confirmation
- Complete all the requested information in the pop up box
- Click the box to confirm that the “annual financial review has been completed on the date provided and results reported to my PTA's Board of Directors. A copy of this review is being kept with our PTA’s permanent records.”
- Click Submit
- You may only submit one Financial Review for each school year. If you want to redo a report for the current school year, you must delete what’s there and start over on a new report.
- Remember – this confirmation is a requirement of Good Standing.
IRS Form 990:
- Why File?
- 3 Form Types
- Board review
- IRS Due Dates
If We’re Tax Exempt, Why File?

• The IRS Form 990 is required as an annual informational filing to the IRS.
• While taxes are not assessed with this filing, the penalties for failure to file timely returns are stiff and can result in loss of your 501(c)3 status.
• These filings are a matter of public record and can be viewed using Guidestar online services if you create a user account: http://www.guidestar.org/rxg/help/faqs/form-990/index.aspx
• Keep in mind that other tax filings may be applicable for your unit, including Unrelated Business Income Filings and filings with the State of NC for refunds of sales tax paid on purchases by your PTA unit. For more information from NCPTA on sales and use tax filings, visit http://ncpta.org/index.php/state-sales-and-use-tax/
Three Types of IRS Form 990

• Form 990-N ("e-Postcard")
  – 8 questions
  – Electronically filed return
  – For units with gross income under $50k for the 2010 tax year & thereafter

Form 990-EZ (2 page return + required schedules)
  – For units with gross income under $200k

Form 990 ("long form")
  – For units with gross income in excess of $200k
How to Complete IRS Form 990

• Great guidance provided by the nonprofit division of the IRS

• Visit
  

  for additional information.
Board Review of IRS Form 990

- The filing includes more than just the financial results for the year
- Includes a full cadre of questions about financial controls
- Many of these questions are addressed in the NCPTA annual review checklists described above
- IRS is looking for good compliance in the internal financial controls of non-profit organizations
Form 990 Due Dates (regardless of Type of Form used)

• Due date is 4.5 months after fiscal year end.

• Uniform bylaws establish all NC units have same fiscal year: July 1 – June 30

• Therefore, all units have 990s due on or before November 15th following the close of the year.

• Early filings encouraged.
Confirm Date Filed in MemberHub

• Once you have filed with the IRS
• Log in to MemberHub
• Click Orange Admin Console Button
• Click PTA or Click PTSA
• Click Form 990 Confirmations (on right hand side)
• Click Add Form 990 Confirmation
• Complete all the requested information in the pop up box; have the following info on hand
  – date filed
  – form filed (epostcard/EZ/long form)
  – Gross Receipts (includes all monies deposited into your PTA bank account during the fiscal year with the exception of the State and National portion of dues).
• Click the box to confirm that the PTA “filed a 990 tax return with the IRS on the date provided.”
• Click Submit
• Remember – this confirmation is a requirement of Good Standing.
Article 4 – Relationship with National PTA and NCPTA

Section 4.5  Good Standing Requirements

This local PTA shall comply with the good standing requirements of NCPTA. The good standing requirements are available on the NCPTA website. The good standing requirements are also available at the NCPTA headquarters and upon request by mail, email, or telephone. The good standing requirements are subject to change at any time by NCPTA.
Good Standing Requirements

Finding the good standing requirements on the NCPTA website:

• Search box: Good Standing Requirements
• Top Toolbar: Click on Leaders, then on GSR in the listing at right of website

Let’s visit there now:

http://ncpta.org/index.php/leaders/leadership-tools-for-officers/good-standing-requirements/
NCPTA OPPORTUNITIES:

www.ncpta.org

Additional Webinars to come
Check www.ncpta.org event tab for more information