

July 2021

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. Part of the Good Standing Requirements is for all local units and councils to furnish the following items to us annually:

- **By July 31** – Enter the names of the 2021/22 local unit or council president and treasurer along with contact information (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 2020/21 school year) — **Confirmation instructions and sample review information attached**
- **By November 15** - File your Annual Form 990 as required by the IRS (for 2020/21 school year) and confirm filing date in MemberHub — **Online confirmation instructions attached**

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 review the information concerning File990.org to submit your return by the November 15th deadline.

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

(Instructions available at 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, 2020-June 30, 2021 must be filed by November 15, 2021.

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.

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 July1 of each year.

Local Unit/Council Annual Financial Review Confirmation Instructions

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

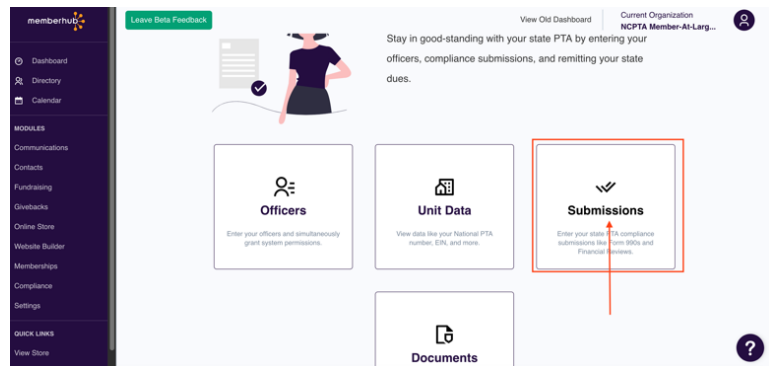
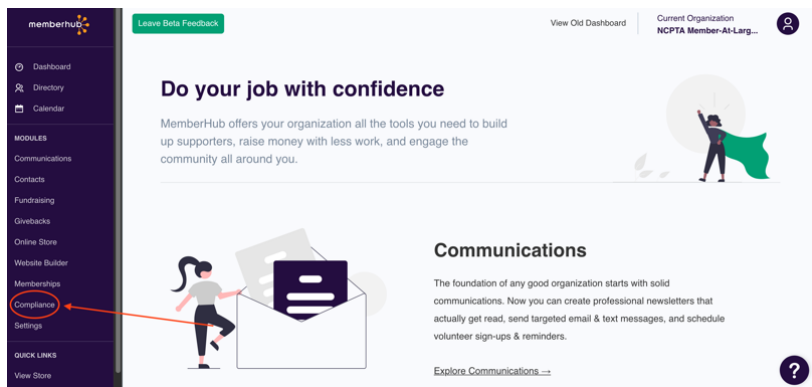
To submit the **Financial Review Confirmation**, you must be an Admin. Your MemberHub “Admins” should be the Officers and/or Board Members of your PTA.

How to give admin access:

Please click **Contacts** on the left menu, click **Manage Contacts** and search for the user in the search box. Once you find the user’s name, click the 3 dots next to their name and click add role from the pop up menu. Choose **Admin** from the Role name drop down box. Click **Save**.

Administrators for your PTA MemberHub site will see a tab called **Compliance on the left side menu**. Clicking on that tab gives you access to various to PTA-specific compliance duties that keep your unit in good standing.

After clicking the **Compliance** tab, click **Submissions**. This will bring you to the compliance dashboard. Click **Financial Review Confirmations**



The resulting popup window will allow you complete the form and post the new confirmation. Then just click the **Submit** button on the bottom. Note: Once a confirmation has been submitted you can go back and view the confirmation.

***New Feature: “Document”-**

MemberHub now allows your PTA to submit the actual financial review “document” that your Audit Committee provides to your PTA Board for the PTA’s permanent records. It is NOT required to upload the physical document into MemberHub but it is highly recommended. This will provide your PTA another location to store the fiscal document and reduce the chances of it getting lost. No worries as leadership changes. All admins will have access to historical compliance documents.

Edit and/or Delete a Confirmation

The Financial Review Confirmation **cannot** be changed after you click the “Submit” button. If you need to make a **change and/or delete** the Confirmation information, please submit a ticket to support@memberhub.com.

Financial Review Confirmations

Each local PTA unit and council is required to complete a Financial Review by August 31 of each year. Confirmation of the completed financial review must be submitted on or before August 31.

You may only submit one Financial Review 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.

Fiscal Year Ending
June 30, 2020
Due 2020-08-31. Reported for School Year 2020 - 2021

Date Financial Review Completed *

Document
Add Document
or drop Document to upload

I confirm my PTA, NCPTA Member-At-Large Unit's 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.

First Name: NCPA State Last Name: Office
Email Address: office@ncpta.org
Unit Name: NCPA Member-At-Large Unit State ID: 03-5284
National ID: 00027862

Submit Close

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 do 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 individuals with check signing authority and their family members nor the outgoing or incoming treasurer (during the fiscal year of the audit).
- 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 financial review 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 members)

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

Response	
Yes	No
FINANCIAL CONTROLS	
	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.
BUDGET	
	There is an approved motion in the General Membership Meeting 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.
INCOME	
	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.
EXPENDITURES	
	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 paid 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.
CHECKS/BANKING	
	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.
FINANCIAL REPORTS	
	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?
INTERNAL REVENUE SERVICE	
	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)

CARRY OVER FUNDS	
	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.
NC DEPARTMENT OF REVENUE	
	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.
INSURANCE	
	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.**