

**Montgomery County Council
of
Parent Teacher Associations**

**TREASURER'S
GUIDEBOOK
2011-2012**

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**MCCPTA Treasurer:
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**MCCPTA Office
Hours of Operation - 10am - 2pm Monday - Friday (School Year)
10am - 12pm Tuesday and Thursday (Summer)**

www.mccpta.com

Useful Contacts

MCCPTA Office.....	301-208-0111
MCCPTA Office (FAX).....	301-208-2003
Maryland PTA (Glen Burnie)	1-800-707-7972 410-760-6221
Maryland PTA (Glen Burnie) (FAX)	410-760-6344
IRS Forms (www.irs.gov).....	800-829-3676
Maryland Sales Tax Information (Baltimore).....	800-492-1751
USPS Bulk Mail Information (Shady Grove Road).....	301-670-6008
Montgomery County Health Department (Licensing)	301-217-7272
MCCPTA Treasurer.....	treasurer@mccpta.org
To access National PTA’s Money Matters.....	http://www.pta.org/1443.html
To access Maryland PTA’s Cash Encounters.....	http://www.mdpta.org/members/ (enter the ID and Password as it appears on the back of your PTA membership card)

Please note that comprehensive information for PTA treasurers is provided by National PTA (“Money Matters”) and Maryland PTA (“Cash Encounters”). Updated versions are sent to each local PTA in the summer so make sure to ask your PTA president for them. The National (www.pta.org) and Maryland (www.mdpta.org) PTA websites include additional information for treasurers. Passworded websites use the password found on the back of your PTA membership card.

Important Dates for Treasurers

June - August

- Ensure Financial Review is completed
Send copy to Maryland PTA!
 - Create Draft Budget for Executive Review
 - Transfer Signature Authority for Check Signing
-

August

- Pay Insurance Premium to BB&T
 - Pay ICB Fees for Room Rental
-

September

- Prepare Final Budget for Approval by Membership
 - Attend MCCPTA Fall Leadership Training
-

October

- Sales & Use Tax Due?
Usually due quarterly on the 20th of the month
 - Remit Dues Payment to Maryland PTA and MCCPTA for PTA memberships sold to date
Coordinate monthly with Membership Chair
 - Ensure all PTA Board members are paid members
-

November

- Remit Dues Payment to Maryland PTA and MCCPTA for PTA memberships sold to date
 - File Federal Return: 990N, 990EZ, or 990
Due 4 ½ months after end of fiscal year on November 15
Send copy of return to Maryland PTA!
-

December

- Remit Dues Payment to Maryland PTA and MCCPTA for PTA memberships sold to date
 - File Charitable Organization Registration
Due December 31
-

January

- Sales & Use Tax Due?
 - Remit Dues Payment to Maryland PTA and MCCPTA for PTA memberships sold to date
-

April

- File Personal Property Report Form
Due April 15
 - Sales & Use Tax Due?
 - Remit Dues Payment to Maryland PTA and MCCPTA for PTA memberships sold to date
-

July

- Sales & Use Tax Due?
- Prepare for transition to new leadership
- Prepare records for Financial Review

MCCPTA Treasurer’s Guidebook

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General Information

The treasurer is the authorized custodian of the PTA's funds. He/she receives and disburses all funds according to the local bylaws and the budget adopted by the membership. The essential "contract" for this activity is the association's annual budget.

The PTA president appoints a budget committee, including but not necessarily chaired by the treasurer, to prepare the proposed budget. The budget consists of two parts, anticipated income (receipts) and proposed expenditures. Income includes dues, fees from locally-sponsored programs, receipts from fund-raising events, bank interest, and other contributions. Expenditures include administrative expenses (e.g., dues for MCCPTA, Maryland PTA, and National PTA), publicity and correspondence, refreshments, convention registration, committee expenses, and special projects. Unspecified "contingency" accounts should be avoided as much as possible. The budget should be a financial statement of the local PTA's program. After the budget has been drafted, it should be presented by the chairman to the PTA executive board for approval (and perhaps modification) and then presented to the PTA membership for approval. During the year, changes in the budget resulting from variations in receipts or expenditures must be approved by the membership after being reviewed by the executive board.

MCCPTA recommends that the budget be prepared over the summer for the upcoming school year. The PTA budget should reflect the goals set by the PTA executive board for its work in the coming year. The membership must vote to approve the budget, preferably at the first PTA of the school year.

- All financial transactions should be handled promptly and accurately.
- All expenditures must be paid by check, never by cash. The treasurer should be able to show a cancelled check along with a receipt, voucher (request for payment), or invoice for all expenditures, so that the auditor will be able to verify that funds were disbursed properly. (A sample request for payment is included at the end of this Guidebook.)
- Currently, on-line banking and PTA credit cards are not allowed under our bylaws.
- A statement of expenses compared to the budget and change in bank accounts (statement of cash flow) should be presented to the executive board and the PTA membership at each regular meeting.
- The books should be audited annually or anytime there is a change in treasurer or authorized check signer.
- The treasurer and others who handle the PTA funds must be bonded.
- PTA funds must be kept separate from school funds or personal funds.
- Funds should be deposited the day they are received.

The PTA is not required to expend all of its income in the year received. Each PTA should carry over enough funds to pay expenses (such as insurance premium) through the summer and until the first fundraiser and/or dues collection. However, a PTA should not be accumulating and carrying forward large amounts of money each year.

Financing PTA Activities

PTA funds are the means to fulfill the local PTA's purposes and goals and provide services to its members. The income of the local PTA is not a supplement to the budget of local schools. The PTA is not to supply funds for items and/or services that are the responsibility of MCPS.

PTA expenditures can/should include:

- The cost of a good newsletter (including printing and postage) to keep all parents informed and involved;
- Funds for leadership and committee expenses (stationery, postage, hospitality, preparation of testimony and reports, etc.) so that the organization can function effectively;
- Officers' and members' expenses for PTA conventions, conferences, training and the MCCPTA Presidents and Principals Dinner;
- Publications for the executive committee (e.g., National PTA's "Our Children" in addition to those automatically sent to the PTA president);
- Recognition and appreciation for those who have worked for the PTA and for children, including Maryland PTA honorary life memberships.

Remember that the county, state, and National portion of members' dues do not belong to the local PTA. They should be shown in reports as receipts and disbursements.

A second level of expenditure is for local PTA-sponsored activities such as:

- Student programs that support the goals of the PTA;
- Cultural arts programs;
- Volunteer activities, and supplies for tutoring programs;
- Student scholarships to participate in a PTA sponsored event;
- Safety Patrol accessories and camp tuition;

For more information on the proper use of PTA funds, see Maryland PTA's Cash Encounters, pages 34-36.

Special Programs

Many Montgomery County PTAs sponsor before-school or after-school programs. These programs should be operated on a not-for-profit basis with careful program development and evaluation. Parents of participating students pay the fees for these programs through the PTA. Since the PTA treasurer is responsible for all money collected under PTA auspices, money collected for these programs should be deposited in the PTA bank accounts. In addition, the financial reporting system used by the treasurer should be sufficiently detailed so that the income and expense transactions associated with these special programs are clearly identified in the financial reports.

MCCPTA-Educational Programs, Inc. (MCCPTA-EPI), as a service to local PTAs, offers after-school programs (such as Foreign Language in Elementary Schools-FLES and Hands On Science-HOS). Currently, the PTA treasurer receives the funds collected for these MCCPTA-EPI programs, deposits them, and disburses them at the request of the PTA chairman for that program. Fee payments (for the teachers' salaries, room rental, materials, etc.) are sent at regular intervals to MCCPTA-EPI. EPI handles state and federal income tax deductions and payments for these accounts. More information about MCCPTA-EPI is available in the Blue Book, the MCCPTA directory which is published annually.

Insurance

Maryland PTA requires each local PTA to have general liability and bonding insurance as well as directors and officers insurance and has inserted language to that effect in to the PTA bylaws. Please be sure to budget an amount (approximately \$179) for the insurance payment

BB&T will once again be our insurance carrier for the 2010-2011 year. Invoices and statements will be mailed to the local units by May 15, 2010. Enrollment deadline is October 1, 2010. A \$25 late payment will be assessed to any invoice not paid by October 1, 2010.

BB&T publishes an insurance summary and loss prevention guide. It refers to Red Light, Yellow Light and Green Light activities. Red Light activities are prohibited. Yellow Light refers to activities where certain conditions must be met and the local PTA must consult with the insurance broker in advance of engaging in any of those activities. Green Light activities are approved. You can find the "Insurance and Loss Prevention Guide" listing these activities on the Maryland PTA website at mdpta.org.

The BB&T annual premium is currently \$179 for each local PTA. Please include a late payment fee of \$25 if payment is made after October 1.

EACH LOCAL PTA SHOULD PAY ITS INSURANCE PREMIUM TO THE INSURANCE COMPANY AS SOON AS POSSIBLE. The enrollment form can also be found at mdpta.org. An insurance summary and certificate of insurance will then be issued to each insured PTA.

Contact Teresa Willis, Office Administrator, at officeadministrator@mdpta.org or 410-760-6221 with questions regarding premium payments. BB&T can be reached directly through email at MDpta@BBandT.com.

BB & T Insurance Services of California, Inc.
(Previously UnionBanc Insurance Services, Inc.)
535 North Brand Blvd., 10th Floor
Glendale, CA 91203

County, State, and National PTA Requirements

Each local PTA unit is chartered by the Maryland PTA and the National PTA. Pursuant to local PTA By Laws, a PTA must pay National and State dues to stay in good standing. PTAs in Montgomery County also agree to participate in the County Council of PTAs (MCCPTA).

- In accordance with National PTA requirements, PTA membership is available to individuals only (i.e., no "family" memberships).
- The level set for local PTA dues should be nominal, so that PTA membership is affordable for everyone.
- Dues should not be viewed as a part of fund-raising.

Dues Payments

County:

- MCCPTA annual dues, for the 2011-2012 schoolyear, are \$1.00 per PTA member (parent, teacher, or student).
- Make checks payable to "MCCPTA" and send to the MCCPTA office (see cover for address)..
- A copy of the "MCCPTA Dues" voucher is located on page 16 of this Guidebook. MCCPTA will also post dues vouchers on the MCCPTA website and include in newsletters.
- The voucher form and your PTA's checks should be sent to the MCCPTA office on a monthly basis. PTAs should make a dues payment to MCCPTA at the same time the PTA is making payment to Maryland PTA.
- MCCPTA will mail MCCPTA delegate voting cards to your president as soon as the first dues to MCCPTA are received.

State/National:

- State and National PTA annual dues (combined) are \$3.25 per PTA member (parent, teacher, or student)
- Make checks payable to Maryland PTA and send to 5 Central Avenue, Glen Burnie, MD, 21061
- Maryland PTA send membership cards based on the previous year and will invoice each Local PTA monthly.
- Remember to pay Maryland PTA only for *the amount of memberships sold* during that month.
- Return any unused membership cards to Maryland PTA by March 15th.
- There are no refunds for overpayment!
- If you need additional cards, send a check to Maryland PTA with the invoice requesting additional membership cards.
- The \$3.25 provides \$1.75 to the National PTA and \$1.50 to Maryland PTA. Maryland PTA forwards the National dues to National PTA. A portion of the total sum sent for the National PTA membership dues is payment for a subscription to "Our Children," a magazine that is published six times a year. This National PTA magazine and the Annual Resources for PTAs will be sent to the president of your local PTA.

Each local PTA must make dues payments in order to remain in good standing each year; otherwise, the PTA will not receive mailings or be able to participate in programs such as Reflections. Payment of dues is required to receive credential cards for the Maryland PTA annual convention. In addition, if a PTA is no longer in good standing, the Maryland PTA is required to notify the IRS that the PTA is no longer covered by the tax-exempt status conferred by being a PTA in Maryland.

Incorporation

Maryland PTA now requires ALL local PTAs to be incorporated whether or not your own PTA bylaws have been amended to require incorporation. Local PTAs that are not yet incorporated should contact the Maryland PTA office at 410-760-6221 or email office@mdpta.org to ask for an Incorporation Packet or Revival Packet. Maryland PTA has a very specific form for local PTAs and can assist you in completing the necessary forms.

The advantage of incorporation is its ability to shield from liability; however, incorporation requires that an Annual Personal Property Return be filed with the Maryland Department of Assessments and Taxation. If your PTA is incorporated, you should receive a Personal Property Report form, due by April 15. If you do not receive this form, check your incorporation status at www.dat.state.md.us. Keep in mind that a \$25 late fee will be incurred monthly for late filing.

Employer Identification Numbers

The Internal Revenue Service requires that all PTAs have an Employer Identification Number (EIN) and that the Maryland PTA notified of that number. The reason for this requirement is that Maryland local PTAs are part of a group to which a blanket income tax exemption has been given. The EIN (a 9-digit number beginning with 52 or 23) is an organization's equivalent to an individual's social security number. If you are uncertain about your EIN, the Maryland PTA office has a listing of those numbers, and the MCCPTA office has on record EIN numbers for most PTAs.

Website for Maryland Tax Exempt organizations: <http://www.sos.state.md.us/Charity/Non-Profit.htm>

Federal Tax Requirements

On May 28, 1969, the Internal Revenue Service granted a blanket exemption to all Maryland state, county, and local PTA units under Section 501(c)(3) of the Internal Revenue Code. As a result, donations to your PTA are tax-deductible.

The Maryland PTA is required to inform the IRS of changes in status of local PTAs, including new units formed, units discontinued, and units no longer in good standing. Discontinued units and units not in good standing lose their tax-exempt status as a nonprofit organization.

A PTA's gross receipts includes due, contributions, interest on accounts, amounts taken in by fund-raising activities, fees collected for after-school programs such as Foreign Languages in the Elementary Schools (FLES). As of the 2010 tax year, for returns filed in 2011 or later, PTAs with an annual gross income of more than \$50,000 (formerly \$25,000) must file Form 990 and Schedule A. If a PTA's gross receipts are less than \$200,000 and total assets are less than \$500,000, the PTA may file Form 990-EZ instead of Form 990. If gross receipts are \$50,000 or less, the PTA must electronically submit Form 990-N, also known as the e-Postcard. Refer to the instructions for IRS Form 990EZ for complete details on filing requirements. In addition, the "Money Matters" section of the Annual Resources for PTAs from National PTA provides examples and additional information. The filing deadline for the Form 990EZ is 4.5 months after the end of your fiscal year. For PTAs whose fiscal year ends June 30, the return is due by November 15. Late filing or a failure to file may result in a penalty.

For step by step instructions on completing your federal return, see National PTA's Money Matters sent in the summer to each local PTA who registers for the Back to School kit or found online at www.pta.org

Charitable Donations to PTAs

A federal law that became effective on January 1, 1994, affects PTAs, which receive charitable donations. Since PTAs in Maryland, by virtue of their IRS 501(c)(3) status, are charitable organizations, gifts to PTAs are tax-deductible for the donors. The law requires that the charity (the PTA) send a written receipt to a donor for any charitable contribution of \$250 or more. Thus, the taxpayer may no longer rely solely on a cancelled check to substantiate such a cash contribution, and the taxpayer's deduction may be disallowed in an audit without such documentation. In general, the \$250 threshold applies to each donation, not to the sum of several donations made by the same donor at different times. The receipt must be sent by the charity to the donor, not to the IRS. There is no requirement for the charity (the PTA) to report the gift to the IRS. There is also no prescribed format for the written acknowledgment of the gift, except that the acknowledgment should be sufficient to substantiate the amount of the contribution.

The law also dictates the disclosure requirements by charities to donors for quid pro quo contributions. An example of a quid pro quo contribution is where the donor gives a charity \$100 for a concert ticket valued at \$40. The law now requires the charity to furnish a disclosure statement to the donor for any quid pro quo contribution in excess of \$75. In the above example, the contribution is \$100 (thus requiring a disclosure statement), even though the donor's tax deduction is only \$60. The \$75 threshold applies to each transaction, not to the sum of several such transactions occurring at different times. For quid pro quo contributions, the charity should provide the donor with a good-faith estimate of the value of the goods or services that the donor received. (A sample form is located in the back of this Guidebook.)

Charities, such as PTAs, which fail to comply with the provisions of this law, are subject to financial penalties by the IRS. For more information on this law, see IRS Publication 1771 (Charitable Contributions - Substantiation and Disclosure Requirements) or Sections 6701 and 6115 of the IRS Code.

Charitable Contribution Guideline

If a donation is \$75.00 or more, then issue a contribution receipt – regardless of the value of the goods exchanged for the donation.

The time expended writing receipts will certainly be less than any penalty the IRS may impose! Sometimes a W-9 form is requested for a donation. This can be pulled from the IRS website, and should include PTA EIN# and name of the individual/organization and address.

Registration with the Secretary of State – Charitable Organizations Division

Under the Maryland Charitable Solicitations Act (Title 6 of the Business Regulation Article of the Annotated Code of Maryland), parent-teacher organizations, which solicit and receive more than \$25,000 in charitable contributions, are required to register (and annually renew the registration) with the Charitable Organizations Division of the Office of the Secretary of State. There are no filing requirements for PTAs, which receive less than \$25,000 in charitable contributions; however, the PTA should submit a statement to the Division stating that it did not receive \$25,000 in contributions.

The level of charitable contributions is determined by adding lines 1(a), 9(a) and 10(a) of the PTA's 990, or lines 1, 6(a) and 7(a) of the 990-EZ.

More information is available by visiting the Secretary of State's website: www.sos.state.md.us.

Tax and License Requirements: Maryland

The tax issues at the State level relate to sales taxes, personal property taxes, and possibly, amusement taxes.

Sales Tax

The State of Maryland does not exempt PTAs from sales tax. PTAs must pay sales tax when purchasing anything for its own use. PTAs do not have a tax exemption number and in general are not eligible to use a school number. PTAs are not eligible to obtain a non-profit exemption number. There is, however, one exception to the prohibition on the PTA's use of the school's tax exemption number. An exemption has been created for the sale of tangible personal property to a PTA if the PTA contributes the property to a public school. For this limited situation, a PTA may use the exemption number of its school in order to claim the exemption. In other words, if a PTA purchases something for a school, the purchase should be made through the school's account using its tax-exempt number. The school should give documentation of the purchase to the PTA for its records.

Sales Tax Guidelines

Purchase for school – pay no sales tax at time of purchase.

Purchase for resale – pay no sales tax at time of purchase. Collect sales tax and remit once sold.

Purchase for use and/or consumption – pay sales tax at time of purchase.

PTAs must collect sales tax if they sell taxable items. If your PTA intends to sell taxable items one time only, you may obtain a temporary license free of charge from the Sales and Use Tax Division. This license is effective for only 30 days.

If your PTA sells taxable items on more than one occasion, for example an annual gift-wrap sale, you should obtain a permanent sales tax license (also free). This license provides for the remitting of the collected sales taxes to the Sales and Use Tax Division, and provides a number that exempts the PTA from paying sales taxes when purchasing items for resale. ***The sales tax reports are filed monthly, quarterly, semi-annually, or annually, depending on the schedule specified by the Sales and Use Tax Division.*** The PTA may request a schedule to suit its convenience or level of activity. For example, some PTAs have requested a semi-annual schedule, with periods ending November 30 and May 31 (and payments due in December and June) so that taxes are paid soon after a fall fund-raiser, and the last payment for the year occurs in the same fiscal year as the sales. You must file a report for each reporting period even if no tax is due. Records in support of sales tax payments are required by the Sales and Use Tax Division to be kept for a minimum of four years and be available for audit, if requested, by the Division.

If your PTA charges admission or provides facilities where its sales items can be consumed, food sales must be taxed. Examples of other taxable items are candy, art or hand crafted items, books, plants, and T-shirts (spirit wear). The sale of books at a book fair is not exempt from the sales tax. Items purchased through a silent auction fundraiser are not taxable, if the items were donated.

The Maryland Sales and Use Tax Division will provide a pamphlet with current information on sales and use tax procedures. For more information call: 410-767-1300 or 1-800-492-1751;
email: taxhelp@comp.state.md.us.

There are always questions about whether the organization must charge and submit sales tax. If you sell anything you must charge sales tax. If you bought an item such as a bicycle on which you already paid sale taxes, and then you raffle it off at a fair, you do not need to pay sales tax. There is a form that you can fill out showing that you have already paid the sales upon purchase, which can be submitted to the state. For more information call: 410-767-1300 or 1-800-492-1751. **NOTE:** Even if you have no tax to report, you must call in the tax number and get a confirmation number. Filing your sales tax early, can also render your PTA a tax saving.

The Sales and Use Tax Division is located in Baltimore at the following address:

State of Maryland
Sales and Use Tax Division
301 W. Preston Street
Baltimore, Maryland 21201-2383
(410) 225-1300 or (800) 492-1751 (toll-free in Maryland)

If you have questions about your tax liabilities, call the MCCPTA treasurer, listed on the front of this Guidebook and in the MCCPTA Blue Book directory. Ignoring tax requirements can result in fines and penalties.

Admissions and Amusement Tax

Admissions and amusement taxes are sometimes imposed by the various governmental subdivisions in Maryland on the gross receipts from admissions to any event involving performances, the use of sporting or recreational equipment, and games of entertainment.

However, Maryland PTAs, by virtue of their 501(c)(3) status, are exempt from collecting this tax on their events if the operator or entertainer is not entitled to share in the gross receipts on a percentage basis. Thus, a PTA, which runs an event normally subject to the amusement tax, should reimburse the operator or entertainer on a flat rate, rather than percentage, basis; otherwise, the amusement tax must be collected and remitted to the State.

If the amusement tax must be collected, the PTA should register in advance of the event by filing Form ST-705 with the Sales and Use Tax Division at the address listed above. The tax rate varies with the locality since the taxes are imposed by the localities (and collected by the State). A current rate chart can be obtained from the Sales and Use Tax Division.

Personal Property Tax

Corporate status in Maryland requires that a Personal Property Return be filed each year. As a result of a PTA's non-profit status there is no filing fee. The return will be mailed to the PTA's address of record and is due on **April 15**. There are late filing penalties ranging from \$30 to \$500 plus interest. Since PTAs are Domestic Non-Stock Corporations, the ID# Prefix is "D". The Federal Principal Business Code is "8300". For most PTAs the form is easy to prepare since no property is owned, and no tax is due.

Benefit Performance and Food Service Licenses

There is a Special Food Service License and a Benefit Performance permit. The benefit performance covers such “activities as indoor or outdoor carnivals, fairs, dance, bazaar, concert, contest, bingo, picnic, card party, lecture, barbeque or dinner, exhibition, to which the public is invited or admitted with or without charge for such admission, the net proceeds of which benefit performance shall... be donated to the sponsoring organization.” The cost of the permit is \$44.00 per event. Please note that this does not cover schools within the Rockville or Gaithersburg city limits. You should call the City Government to see if special permits are required. For more information call: 240-777-6240.

To acquire a food permit call: 240-777-3986. You can apply for a per event permit at \$15.00 or \$35.00 for a one year license. It does not apply to schools within the city limits of Rockville or Gaithersburg. Again, you should call the City Government to see what special permits are required.

For more information on these licenses, call the Montgomery County Health Department (Licenses and Permits) at 240-777-3986.

Bulk Mailing Permits

PTAs may apply for a bulk mailing postal permit, which can save substantial money. This permit can be used when mailing 200 pieces or 50 pounds of like mail at one time. A permit costs \$150.00 per year plus an initial application fee. Contact the U.S. Postal Service Suburban General Mail Facility, 16501 Shady Grove Road (670-6008) for an application form and other information. If the post office requests a copy of the IRS tax exemption ruling for Maryland PTAs, it can be obtained from the MCCPTA treasurer.

Maryland PTA Requirements

Is your local a Unit in Good Standing? (Refer to Article IV of your local bylaws)

- Current Bylaws - Bylaws have been reviewed and/or amended and submitted to MDPTA for approval within the last three years.
- Payment of Membership Dues to Maryland PTA (\$3.25 per member-total) are remitted to the Maryland PTA office on a monthly basis (Maryland PTA forwards a portion to National PTA)
- Maintain membership of at least 25 members - Only members of a local PTA who have paid dues for the current year may participate in the business of that PTA.
- Holds a EIN (Employer Identification Number) from the IRS on file with Maryland PTA
- Currently incorporated in the State of Maryland - Contact Maryland PTA for incorporation status
- Incorporation requires that a Personal Property Tax report is submitted yearly to the State of Maryland.
- Submit name and address of PTA President to the Maryland PTA office
- File the appropriate federal tax form with the IRS, 4.5 months after end of fiscal year and submit copy to Maryland PTA (990, 990EZ, etc.)
- Remit payment for insurance by designated date
- Complete a Financial Review/audit at the close of each fiscal year or upon a change of Treasurer and submit copy to Maryland PTA.

Being a unit in good standing allows your local unit to be eligible for membership awards, credential cards for National PTA Convention and Maryland State Convention and/or participate in the business of the organization.

Maryland PTA requires that local PTAs submit copies of financial reviews and 990s annually.

Accounting Procedures

Maryland PTA bylaws require that each check be signed by two people. This protects you and the PTA. Usually the signatories are the treasurer and president with another officer listed as a signatory in case the president is not available.

Never sign a blank check.

A treasurer must be able to account for every penny received or spent. Funds should be deposited, and bills paid promptly. Each transaction should be recorded at the time it is made, and supporting documents should be filed in an orderly system. The system used depends upon the treasurer and the auditors. Computerized accounting systems are encouraged, but not mandatory.

The following set of records is an example of an adequate accounting system:

1. A ledger listing all receipts, arranged by date of action. A separate column can be provided for each income category defined in the budget, in conjunction with a running total of all income.
2. A ledger listing disbursements. A separate page can be provided for each expenditure category in the budget. The bottom line on each budget item should show expenditures to date, which can be compared with the amount budgeted for that category.
3. A checkbook, with complete check stubs defining which accounts have been charged with the disbursements. The bottom line of the stubs should show the total funds remaining in the checking account.
4. A monthly treasurer's report summarizing the income and expenditures compared with each budget category, for each month during the year.
5. A file of supporting documents (invoices, vouchers, etc.) arranged by date of transaction, perhaps in monthly file folders.

One notebook can contain all the ledger sheets.

For the income ledger page, provide columns for date of transaction, description of the receipt, each income-source listed in the budget (separate columns), and total-to-date.

For disbursements, prepare one page for each category of budget disbursements. On each page, provide separate columns for date of transaction, check number, description of disbursement, amount of disbursement, and total-to-date. At the top of the page, show the amount budgeted to the category.

For each receipt:

Date and enter the receipt transaction in the income ledger page.

Provide a receipt to the source of the income.

Prepare a bank deposit slip listing all cash and checks, and make the deposit promptly.

Enter the date and amount of deposit on the latest check stub, and update the stub to show the funds now in the checking account.

For each disbursement:

Date and enter each disbursement on its appropriate ledger page. Record the invoice number (if any) in the ledger. Develop a standard form by which requests for expenditures are submitted to you.

Write the check. On the check stub, identify the account charged with the disbursement, and update the check stub to show the unencumbered funds remaining in the checking account.

Record on the originating document (invoice, etc.) the date and number of the check. File the documents by date.

At the end of each month, prepare a treasurer's report. At the beginning of the year, prepare a master report form to be filled in each month. Make three columns: year's budget, the current month's action, and year-to-date. The top half of the page should show income (i.e., receipts) and the bottom half expenditures. List each category of the budget. Make enough copies of the form so that one can be completed each month.

From the ledger pages, complete the total activity (income or expenditures) in each budget category for the current month. List this in the "current" column of the report form. Add the new "current" figures to their respective year-to-date figures in the previous month's report. Record these in the "year-to-date" column of the report form. Compute totals for the "current" and "year-to-date" columns for receipts and expenditures. Verify the report by comparing its net change in income and expenditures with the appropriate check stubs and the bank statements.

Computerized Record-Keeping

The treasurer's job can be simplified considerably with the use of a home computer and accounting programs such as Quicken or Quick Books. For both accuracy and convenience, treasurers are encouraged to use such programs whenever possible. Several approaches have been used with success: spreadsheets, general purpose money management programs, and special purpose programs written specifically for small organizations like PTAs. Whichever approach is used, the purpose is the same: to automate the tracking of cash flow and the generation of various reports. Some of the money management programs can also write checks, depending on the equipment that the user has available. In addition, software is available to help in the preparation of deposit slips, which can involve large numbers of checks after fund-raisers or membership drives. The cost of automation varies, since some programs are distributed commercially. However, the expenditure of a reasonable amount of money by a PTA for a computer program for its treasurer is considered by MCCPTA to be a legitimate operating expense. For more information on what is available, contact the MCCPTA treasurer.

Financial Reporting

The local PTA's executive committee or bylaws may stipulate the frequency and degree of detail required for treasurer's reports. A monthly report to the executive committee is good practice. Keep the committee fully informed. At least an annual report to the membership is appropriate, and monthly reports should be available upon request.

** Per the local PTA by-laws there should be only one treasurer. Bonding is only for the officer, and not any administrative assistant to the treasurer.

Contents of the Treasurer's File

According to Maryland PTA, the PTA treasurer's file should include the following items:

- A copy of the PTA bylaws with relevant sections highlighted,
- A copy of the budget adopted by the membership
- A receipt book to acknowledge money received for the PTA,
- Checkbook to disburse funds as authorized,
- Treasurer's account books, ledgers, and/or computer software to keep the financial records of the PTA,
- Federal Employer Identification Number (EIN) and the Maryland IRS Group Exemption number "1999", copies of filed Form 990 or 990EZ, and other required IRS forms,
- A Copy of the Articles of Incorporation, Maryland Sales and Use Tax remittal number, reports filed with the state, and all information pertaining to sales and use tax.
- A copy of "Money Matters" section from the National PTA Annual Resources for PTA's, Maryland PTA's Leadership Handbook Finance Section and "Cash Encounters",
- Required historical PTA financial records as defined in the Record Retention Timetable,
- Copies of minutes and plans of work for this fiscal year,
- Copies of Personal Property Returns, which have been filed.

Audit/Review

Local PTA bylaws require an audit or financial review of the financial records at specified times, including a change of treasurers and at the end of the fiscal year. The audit committee should be convened as soon as possible after the close of the fiscal year, and no transactions should take place in the intervening time. A statement should be obtained from the bank as of the same date. All records should be made available to the committee including bank statements, vouchers, check stubs, ledgers, financial reports, reports to the Government, outstanding debts, and other material requested by the committee. Following the audit, the committee should prepare a written report indicating whether the records are complete and accurate, with advice for change if necessary. Unless specified by the PTA's bylaws, there is no requirement that the audit be performed by a CPA. In fact, the "audit" is not a strict audit in the sense defined by CPAs, but rather a financial review. That said, the Charitable Solicitation Division of the State of Maryland does require an "audit by an independent CPA if contributions are \$500,000 or more" and a "review by an independent CPA if contributions are at least \$200,000 but less than \$500,000". For the purpose of determining the registration fee and the audit or review requirement, charitable contributions are computed by adding lines 1(b), 1(c), 1(d), 1(f), 8(a), 9(a) and 10(a) of Part VIII on the IRS form 990 or by adding lines 1 and 6(a) and 7(a) on IRS form 990EZ.

If after adding the required lines, if you meet the requirement, you must include either the audit or review by the CPA.

Remember to send a copy of the audit/financial review to Maryland PTA (5 Central Avenue, Glen Burnie, MD, 21061) no later than the date of November 15 when your 990N or 990EZ are due.

MCCPTA Dues Form for 2011-2012

Please make copies of this form. Return bottom portion to the MCCPTA office, 2096 Gaither Road, Suite 204, Rockville, MD 20850 (or through the Pony mail system to MCCPTA). Keep the top portion for your records. **Please submit payment of \$1.00 per member to MCCPTA when you submit your separate payment to Maryland PTA. This payment schedule will ensure consistency in our membership lists between the MCCPTA and Maryland PTA.**

((Please note that the MCCPTA office may be moving in 2011. Check the current address!))

MCCPTA Dues Payments 2011-2012 Local PTA Receipt

Name of PTA: _____ Level: Elem Middle High

Number of Members: Parents _____ Students _____ Teachers _____ Total _____

Amount Remitted (\$1.00 per member): \$ _____ Check #: _____

PTA Treasurer: _____ Phone Number: _____

Initial Payment Additional Payment

MCCPTA Dues Payments 2011-2012 MCCPTA Remittance

Name of PTA: _____ Level: Elem Middle High

Number of Members: Parents _____ Students _____ Teachers _____ Total _____

Amount Remitted (\$1.00 per member): \$ _____ Check #: _____

PTA Treasurer: _____ Phone Number: _____

For MCCPTA Office Use Only:

Delegate Card Numbers:

Date Rcvd:

~ SAMPLE ~

_____ PTSA
 Financial Report for 20__-20__
 For Period 9/30/20__
 _____, Treasurer

INCOME	BUDGET	YEAR-TO-DATE	CURRENT
Dues	2,900.00	2,421.35	2,246.35
Fund-raisers	13,000.00	0.00	0.00
Interest	200.00	59.79	18.43
Miscellaneous	0.00	2.00	0.00
Student Activities	1,400.00	861.68	861.68

TOTAL INCOME	\$17,500.00	\$ 3,344.82	\$ 3,126.46
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EXPENSES	BUDGET	YEAR-TO-DATE	CURRENT
Activity Night	500.00	0.00	0.00
Awards	100.00	0.00	0.00
Cultural Arts	1,200.00	0.00	0.00
Dues	1,100.00	1,012.50	1,012.50
Fund-raisers	8,000.00	5.00	0.00
Gifted and Talented	200.00	90.00	0.00
Hospitality	900.00	143.59	0.00
Insurance	200.00	185.00	0.00
Miscellaneous	400.00	54.82	1.00
Newsletters	600.00	300.00	0.00
Presidents Discretionary Fund	200.00	0.00	0.00
School Gift	2000.00	0.00	0.00
Student Activity	1,600.00	227.32	227.32
Supplies	200.00	16.00	16.00
Teacher Training	500.00	0.00	0.00
Telephone	100.00	91.27	0.00

TOTAL EXPENSES	\$18,800.00	\$2,125.50	\$1,256.82
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CASH SUMMARY		SAVINGS	CHECKING
Cash on Hand 7/1/___	\$6,120.63	\$1,808.40	\$4,312.23
(+) 20__-20__ Receipts	3,344.82		
(-) 20__-20__ Disbursements	2,125.50		
Cash on Hand 1/30/___	\$7,339.95	\$4,368.19	\$2,971.76

PTA AUDIT REPORT FORM
Local PTA Name
Fiscal Period

Balance on Hand (Date of last audit or end of previous fiscal year)	\$ _____
Receipts (from last audit to date of audit or entire fiscal period)	\$ _____
Total Cash (Add Balance on Hand and Receipts)	\$ _____
Disbursements (from last audit to date of audit or entire fiscal period)	\$ _____
Balance on Hand (Date of end of audit period or end of the fiscal period)	\$ _____

Reconciliation of Balance on Hand

Latest Bank Statement Balance: Date _____ (sum of all accounts at the end of the audit period)	\$ _____
Outstanding Checks: (List check numbers) Amount	
Total Outstanding Checks	\$ _____
Total Outstanding Deposits	\$ _____
Balance in Bank Accounts (Statement Balance - Outstanding Checks + Outstanding Deposits)	\$ _____

Audit Statement

We have examined the books of the treasurer of _____ PT(S)A for the period _____
to _____ and find them to be _____ correct _____ incomplete _____ incorrect
_____ substantially correct with the following adjustments:

Date audit completed: _____

Auditors' signatures: _____

Attach Balance Sheet, Profit & Loss Statement (with approved Budget vs Actual) and submit to MCCPTA.

Request for Payment
 _____ PTA

Please make check payable to: _____

Amount: \$ _____ Date: _____

Committee/Activity: _____

Purpose: _____

Itemization of Expenses:

Account	Vendor	Description	Amount

Check Requested By: _____
 Signature & Date

Committee Chairperson's Approval:

Officer's Approval

 Signature & Date

 Signature & Date

****Receipts MUST be attached.****

Paid by Check No.: _____ Date: _____

~ SAMPLE ~
REQUIRED FOR
Contributions over \$75.00
When Donor Receives Goods or Services

This acknowledges receipts of the following described property from you as a charitable contribution made on _____, 20__ to the _____ PT(S)A:

\$ _____ Cash Contribution

We have provided you with goods or services in exchange for this contribution. Our estimate of the fair market value of these goods or services is \$_____. This means the net amount of your contribution, which may be a charitable contribution for federal income tax purposes is \$_____.

We are required by law to provide this information to you. The charitable deduction is limited to the excess, if any, of your contribution over the face value of the goods or services provided to you.

Please retain this document for your records. It is an important document necessary for any available federal income tax deduction for this contribution.

, President

Date:

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**~ SAMPLE ~**  
**REQUIRED FOR**  
**Contributions over \$250.00 and over**  
**Donor Receives No Goods or Services**

This acknowledges receipts of the following described property from you as a charitable contribution made on \_\_\_\_\_, 20\_\_ to the \_\_\_\_\_ PT(S)A:

\$ \_\_\_\_\_ Cash Contribution

We have not provided you with any goods or services in exchange for this contribution.

Please retain this document for your records. It is an important document necessary for any available federal income tax deduction for this contribution.

\_\_\_\_\_  
, President

\_\_\_\_\_  
Date

~ **SAMPLE** ~

**Blanket Resale Certificate**

*[Date]*

This is to certify that all material, merchandise, or goods purchased by the undersigned from

*[Merchant Name and Address]*

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after *[Date]* are purchased for the purpose of resale as tangible personal property.

This certificate shall be considered a part of each order, which we shall give, provided such order bears our Maryland Sales Tax Registration Number. This certificate is to continue in force until revoked.

|                                                             |
|-------------------------------------------------------------|
| Purchaser: <i>[PTA Name and Address]</i>                    |
| Maryland Sales Tax Registration Number: <i>[xx-xxxxxxx]</i> |

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*[Name]*, Treasurer