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DOLLAR\$ & \$ENSE PACKET

Cover Letter and Table of Contents

ATTENTION ALL TREASURERS:

The purpose of this document is to help you take care of the financial side of your PTA. This is more important than ever in these economic times. Not only do your members want to insure that PTA funds are handled efficiently, you need to protect your PTA from common financial pitfalls.

PTAs continue to experience financial issues including:

- Theft, misappropriation and mismanagement of PTA funds;
- Internal Revenue Service reporting concerns;
- Internal audits (PTA audits);
- Registration and reporting to the State of Illinois; and
- Illinois Sales Tax concerns.

These financial issues can affect your PTA too!

Creating and implementing strong financial procedures can eliminate many of these financial headaches. We highly recommend that every officer and board member participate in PTA financial trainings. As members of your board, you have a legal responsibility to care for the funds of the PTA in a businesslike manner. Please contact your District or Region Director or designated representative of the State Board of Directors to arrange these courses in your area.

The following are updates on financial issues and answers to frequently asked questions. Do not hesitate to look for information on the IRS web site for nonprofits at www.irs.gov/charities, or take training at www.stayexempt.org or check out the State site at www.tax.illinois.gov.

990 FORMs

Remember that all PTAs must file with the Internal Revenue Service!

- PTAs with gross receipts below \$50,000, must file an electronic e-postcard, the 990-N. If you don't have access to a computer, you can probably borrow one at your school or use one at the local library.
- PTAs with gross receipts in excess of \$50,000 but below \$200,000 must file Form 990 EZ, including required schedules.
- PTAs with gross receipts in excess of \$200,000 must file Form 990, including required schedules.
- All forms are due the 15th day of the fifth month after the close of the fiscal year. For example, if your fiscal year ends June 30th, the forms are due November 15th.

Please note that **gross receipts are the total of all funds that come into the PTA before any expenses are removed.** This includes all dues.

DONATIONS:

Don't forget that if someone donates money or a product to you, you need to give them a receipt for the money or the estimated value of the product. The donor needs this receipt for their tax records.

SALES TAX: (This is applicable to the sale of goods, not service; all non-competitive sales are sales-tax exempt)

We continue to receive many questions about State sales tax. For nonprofit organizations, the State of Illinois allows 2 fundraising events to be free of sales tax. However, there are also a number of fundraisers that do not require sales tax. We have included a chart in the folder to help clarify which fundraisers do not require sales tax and which do. We strongly urge PTAs **not** get involved in paying sales tax. This is one less task you have to worry about and once you file, the State will be looking for it each year. Work with the company and have them pay the sales tax. This will require that people write their checks to the fundraising company and not the PTA. This will also help in reporting your gross receipts, because you would only need to report the money received from the vendor.

ELECTRONIC BANKING:

We recommend PTAs not use electronic banking. We have had several PTAs where the vendor double billed the account and in some cases, billed the PTA and not provided the product. It is also harder to have the proper checks and balances to keep track of the PTA funding.

Also, we do not recommend the use of debit cards. You can't have two signatures to use it and it is a lot harder to track the expenses within your budget. (Always require two or more signatures on checks. This practice provides a "check and balance" to safeguard the PTA's money.)

CONTRACTS:

Please remember that **ONLY** the President can sign contracts for your PTA. Always carefully read contracts, especially the fine print. You need to make sure that the PTA is not accepting hidden expenses or taking on unwanted liability.

Table of Contents:

Enclosed in this packet are your tools for efficiently managing the financial affairs of your PTA.

1. DOLLAR\$ AND \$ENSE PACKET

- TIPS FOR TREASURERS
- IRS REQUIREMENTS FOR NON-PROFIT ORGANIZATIONS and FAQ's.
- SAMPLE TREASURERS FINANCIAL REPORT
- SAMPLE EXPENSE VOUCHER
- REIMBURSEMENT OF PTA EXPENSES
- SAMPLE DEPOSIT VOUCHER
- GUIDELINES FOR BUDGET CHAIRMAN AND COMMITTEE
- EXPLANATION OF THE BUDGET
- SAMPLE PROPOSED BUDGET
- AUDITING OF PTA FINANCIAL RECORDS
- SAMPLE AUDIT REPORT
- INCORPORATION INFORMATION
- COMPLYING WITH STATE OF ILLINOIS SALES TAX STATUTES
- FREQUENTLY ASKED QUESTIONS ON ILLINOIS SALES TAX
- NUMBERS AND YOUR PTA

2. APPROPRIATE USE OF PTA FUNDS

3. DUES NOTICE FORMS

4. ILLINOIS DEPT. OF REVENUE TAX EXEMPTION LETTER (E9989-1281-06)

5. INFORMATION ON LOCAL UNIT BONDING AND PTA LIABILITY INSURANCE

6. SALES TAX CHART

7. WATCH THE MONEY

8. PREVENTING THEFT TIPS

9. THEFT WARNING SIGNS

10. WHAT TO DO IF YOU SUSPECT THEFT

11. E-COMMERCE GUIDELINES

Please share this information with the officers and members of the PTA Executive Board so they may familiarize themselves with it.

- Some information in this file is being given to both the president and the treasurer.
- Your local unit's Deposit and Expense Vouchers should be available for board members' use.
- Budget and Finance information should be available for board members.
- Copies of the Illinois Sales Tax Exemption letter should be available for board members making purchases for the PTA.
- Audit committee members should have a copy of the Audit Committee Guidelines.
- When submitting a dues payment, include a completed Dues Notice form. Deadline for first payment of dues is **October 1**. Payments must reach the state office postmarked by that deadline.

The treasurer should maintain the official membership list and should keep it up to date working with the membership chairman. You may keep hand written membership lists, or computer generated lists, provided they are accurate and up to date.