

Helpful Year-End Information for Treasurers

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For additional information, please consult the Treasurer's Guide (available at www.txpta.org) or the Texas PTA Handbook

Carryovers in a Nutshell

There is no definitive answer to how much money you can carryover. If your PTA holds a fundraiser late in the school year and the funds are not spent shortly thereafter, you will have more carryover than a PTA whose fundraiser is early in the school year and had the entire year to spend those funds. IRS regulations state a PTA should not raise more funds than necessary to carry out its exempt purpose. It is permissible however, to have a project that may take more than a year to raise all the necessary funds.

If your PTA decides they want to raise money to purchase a computer for every classroom for instance, you may not be able to accomplish this in one year. It is acceptable with the IRS to carryover a large sum of money from one year to the next (or even over five years) provided you have a plan for the money.

Your PTA should be mindful that some parents may feel that money raised this year ought to be used to benefit the children in your school this year. Some parents may not be enthusiastic about raising funds for a project that will not come to fruition until after their children have moved on from your school.

The main thing to remember is a PTA's bank balance should not continue growing without a plan for how the money should be spent.

Year End Financial Procedures

Texas PTA recommends that the

outgoing treasurer close the books as soon after year-end as possible. This means:

- reconciling the bank statement,
- preparing the annual report,
- preparing a report of unpaid sales tax,
- Complete Form 990 and Schedule A.

PTAs are required to file IRS Form 990 to report their yearly activities. A Form 990N or e-postcard needs to be filed for all PTAs with gross receipts under \$25,000. You may file the 990N or e-postcard online at <http://epostcard.form990.org/>.

PTAs may file the 990EZ, if their annual gross receipts normally exceed \$25,000 and are under \$100,000. IRS defines "normally exceeds" by calculating the average receipts over the most recent three years. If that average is over \$25,000 and under \$100,000, you may use the 990EZ to file. PTAs whose gross receipts are \$100,000 or more, they need to fill out the Form 990. When filing either the Form 990EZ or the Form 990, PTAs must include Schedule A.

The return is due 4 1/2 months after the close of your fiscal year. Article XV of your bylaws states when your fiscal year ends. If your year-end is May 31, your return must be postmarked no later than October 15. Texas PTA recommends that the Form 990 be completed by the outgoing treasurer on completion of the audit.

As soon as this work is completed and no later than three weeks after the end of the fiscal year, all books and records should be turned over to the Audit Committee for review.

Be Sure to Complete Your Audit

As we begin the downhill slide to year end activities, I would like to remind you of a few items we should start looking forward to:

- An audit of the financial records must be completed, in a timely manner, following the end of the fiscal year.
- The Audit Committee should be determined (according to your bylaws) 30 days prior to the last meeting of the year.
- No one who is an authorized signer may serve on the Audit Committee.
- The outgoing treasurer is responsible for putting the records in order for the Audit Committee.
- Once the Audit Committee has the records, the outgoing treasurer may no longer write checks.
- The Audit Committee verifies that income and expenses have been properly accounted for as authorized in the budget and approved by the membership.
- The Audit Committee may meet with the outgoing treasurer to clarify any questions they may have.
- Any investigation by the Audit Committee must be kept confidential.
- When the audit is complete, a report should be made to the membership at the first meeting held after the conclusion of the audit.
- The membership should adopt the report.
- An annual report should be presented to the membership at this time for the purpose of notifying the membership of activity for the PTA's entire fiscal year. The report should compare actual figures to the approved budget as amended.
- An annual audit is required to keep your officers and liability insurance in good standing.

A detailed checklist can be found in the *Texas PTA Treasurer's Guide* or the *Texas PTA Handbook*.

Note: Anytime there is a signature change on the bank account, an audit is required.

It's Budget Time!

It is that time of year for all Local PTAs to prepare a new budget for next year.

A budget must:

- be in place at all times;
- include funds allocated from last year but not spent;
- be adopted by the PTA's membership; (In order for any checks to be written over the summer months, the membership must adopt the new budget at your last meeting of the year.)
- does not have to be complete for the entire year, but be sufficient to authorize anticipated expenditures between the end of the fiscal year and the first regular business meeting of the next school year (not necessarily complete for the entire year);
- be amended to add any additional line items to complete the budget for the full year when all Plans of Work are obtained;
- be treated as a living document to be amended throughout the year as unexpected changes occur.