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To: California State PTA Members

From: Jo Loss, President

Subject: Important updates to the 2009 Toolkit

Attached are some corrected pages for the 2009 Toolkit that was sent out this summer. These provide important updates related to tax requirements and other financial issues.

Please insert these pages in your Toolkit and be sure to remove the other versions. These corrected pages are also posted on our website at www.capta.org.

Finance Section 5

Pages 191-194 – Mismanagement of Funds/Embezzlement

Pages 199-202 – Tax Requirements

Forms Section 9

Pages 321-322 – Workers' Compensation Annual Payroll Report

Thank you,

A handwritten signature in cursive script that reads "Jo A.S. Loss".

Jo A.S. Loss
President

- Check event reports to verify receipts and expenditures.
- Check all cash receipt slips issued, and verify proper entry in ledger.
- Ensure that Cash Verification Forms (Forms 9) are being used and two people are counting money.
- If an advance has been given, ensure that advance amount matches the approved expense.
- Compare figures on monthly treasurer and annual financial reports against ledger for accuracy.
- Ensure proper tax returns have been filed, if necessary.
- Prepare copies of written report, including recommendations, for president, secretary, financial officers, and council/district. When called upon, read only the statement “The auditing committee has/I have examined the records of the treasurer of _____ PTA and find
 - them to be correct, or
 - them to be substantially correct with the following recommendations, or
 - more adequate accounting procedures are needed so that a more thorough audit report can be given, or
 - them to be incorrect.
- Verify that the PTA-required Workers’ Compensation Annual Payroll Report form has been filed through PTA channels.
- Verify that all required state and federal report forms have been filed if PTA hires employee(s) or independent contractor(s).
- Verify that all tax forms have been filed, if required.
- Council and district PTA auditors only: verify that council and district PTAs have filed the required State Forms 199 and RRF-1.

Each committee member must sign the report. If questions are raised by the membership, the president should state that a committee has been appointed to look into any problem, and that the members will report back to the association at the next meeting. The audit report is adopted by the association with the motion “I move that the audit report be adopted.”

- Ask the responsible financial officer to correct errors after presenting the report.
- After any errors have been corrected and all are satisfied that the financial accounts are correct, draw a double line across the ledger and checkbook register where the audit concludes and sign and date using red ink “Examined by (name) on (date).”

For more information about PTA audit procedures, refer to *Bylaws for Local PTA/PTSA Units*, Article VI, Section 8

5.4.5 Audit Report

Audit Reports are to be forwarded to the next level PTA. (See Bylaws, Duties of Officers, Auditor.)

At the completion of the audit, meet with the financial officers and president to discuss recommended corrections. When errors have been corrected by a financial officer and accounts are accurate, draw a double line in red ink where the audit concludes. Sign and date the ledger (Audit Report Form, Forms 9).

5.4.5a AUDIT REPORT CHECKLIST

- Prepare written report.
- Report should include bank name and address, type of account, account number, EIN, beginning balance (ending balance from last audit), a total of all expenditures, all deposits, outstanding checks, outstanding deposits, and an ending balance (Audit Report Form, Forms 9).

Include a statement at the bottom of the report to be read upon presentation of the report, “The audit committee has/I have examined the records of the treasurer of _____ PTA and find— them to be correct, or— them to be substantially correct with the following recommendations, or—more adequate accounting procedures are needed so that a more thorough audit report can be given, or—them to be incorrect.” Each member of the committee or the auditor should sign the report.
- Attach any recommendations to the report. List errors in arithmetic or posting. List unpaid bills and payments authorized, but not paid.
- Present the audit report with recommendations to the executive board, and attach the report to the executive board minutes.
- Present the audit report to the association, and read the statement given on the report (from the form).
- Formally adopt the audit report with a motion: “I move that the audit report be adopted,” and record the action in the association minutes. Any PTA member may make a motion to adopt the audit report.
- Attach a signed copy of the audit report to the association minutes.
- Forward copies of adopted audit to the next level PTA.

If there are questions raised by the membership, the president should appoint a committee to look into the problems and report back to the association at the next meeting (Mismanagement of Funds/Embezzlement 5.4.7).

If assistance is needed, contact the council or district PTA. At any time during the process, the California State PTA also may be contacted for information and assistance.

For more information on audit procedures, see *National PTA Quick-Reference Guide*, Money Matters.

5.4.6 Internal Revenue Service (IRS) Audit

The IRS examines the records of PTAs on a random sampling basis. The notification of an IRS audit of the PTA records will include a list of items that must be made available. If a PTA letter of exemption is required, the state office will furnish a copy upon request.

Do not make any implicit, explicit, oral or written statements or accusations.

A notification of intention to audit from the IRS should not be cause for panic. All PTA financial records should be kept up-to-date, so that an audit can be conducted without a problem. If contacted for an IRS audit, notify the district and California State PTA treasurers. After the audit is completed, provide the district and California State PTA treasurers with the results.

5.4.7 Mismanagement of Funds/Embezzlement

Mismanagement of funds refers to the potential loss or misuse of PTA funds and raises questions about the integrity of the individual(s) in charge of the PTA funds. PTA funds are protected by following correct financial procedures. The PTA executive board has a fiduciary responsibility (required by the IRS of all nonprofits) to safeguard the association's assets and potentially clear the individuals who may be involved.

There are several signs of possible mismanagement: lack of receipts and/or treasurer's reports; payments made in cash rather than by check; missed meetings by financial officers; and unanswered phone calls or mail. However, these are merely signs, not proof of wrongdoing, so be discreet. Do not make any implicit, explicit, oral or written statements or accusations. Such actions could result in a lawsuit for libel or slander.

Notify the district PTA president or California State PTA vice president for leadership services and/or state treasurer and with guidance from the district PTA president, review the information, and determine the appropriate course of action. Specific PTA procedures are outlined in the California State PTA *Advanced Leadership Tools*, which is available to council and district PTAs.

Possible mismanagement/embezzlement of PTA funds is a PTA responsibility and therefore, PTA policies and procedures must be followed. The principal or other school district personnel shall not determine or take any other course of action for the PTA.

Do not make a direct accusation. Do not accept any offer of direct repayment from an individual, unless payment of the full audited amount is to be made with cash, certified check or money order. It is important to report the loss to the district PTA and insurance broker right away.

Embezzlement, the stealing of money entrusted into one's care by means of fraud for one's own use, is considered to be the same as theft under the law.

Theft in any form is a violation of the law and should be handled as a serious offense. If money is stolen from an individual's car or property, a police report should be filed immediately and contact made with the individual's insurance company to determine coverage.

5.5 General Operating Information

5.5.1 Contracts

Contracts are a legally enforceable agreement between two or more persons or organizations. All contracts must be approved by the PTA membership and signed by **two elected officers**, one of whom must be the president.

When entering into a contract, the president is responsible for the agreement and should clearly identify that it is the PTA entering into the contract and not the president as an individual. The signature on a written contract should read, “_____ PTA by _____, President and (name), officer.”

Receive the contract in writing. Understand the terms and conditions of the contract. Have the contract reviewed by legal counsel if needed. Ensure that the length of the contract is limited to the current membership year and does not encumber future boards.

Do not sign a contract that makes the PTA responsible for injury or damages.

Independent contractors must provide current certificates of insurance, which the PTA must retain in its files. Directors, teachers, or instructors hired as independent contractors must carry their own general liability insurance and Workers' Compensation Insurance.

All contracts must be approved by the association prior to being signed.

5.5.2 Hold Harmless Agreement

A Hold Harmless Agreement means that the signer assumes total liability for a facility while the signer is using it. Many school district Facility Use Permits include a Hold Harmless Agreement which, if signed, would mean that the PTA assumes the total liability for that facility during PTA's usage, whether the cause of an injury or accident is due to anything under the control of the PTA or not. If the school district requires the PTA to sign a Hold Harmless Agreement for use of school premises, the PTA should contact the California State PTA insurance broker. The insurance broker may then direct the signing of a Facilities Use Permit Addendum (Forms 9).

PTA is required to obtain a Hold Harmless Agreement and Evidence of Insurance from each vendor, concessionaire, or service provider who is used. Instead of providing Evidence of Insurance to each individual unit, the vendor, concessionaire, or service provider may file an annual copy of coverage with the California State PTA insurance broker.

A list of vendors, concessionaires, or service providers who have Evidence of Insurance on file with the California State PTA insurance broker is available on the insurance broker's website. (See *Insurance and Loss Prevention Guide* for website information.) These vendors, concessionaires, and service providers do not need to sign the Hold Harmless Agreement or provide a copy of their insurance, if the policy has not expired. If the date on the list has expired, call the California State PTA insurance broker.

In a Hold Harmless Agreement, the signing party assumes responsibility for all acts and all liability for any injuries that occur related to an event (Hold Harmless Agreement, Forms 9).

5.5.3 Bonding and Insurance

As a protection for all unit, council and district PTAs, the California State PTA has contracted for General Liability, Directors and Officers Liability, Bonding, and Workers' Compensation insurance coverage. Certain activities and events are prohibited, either because they are excluded by the insurance policy or because they are dangerous or jeopardize the safety of children and youth.

There is no distinction between student and adult members with the insurance broker.

Participation in the California State PTA insurance program is required for all unit, council and district PTAs. The California State PTA contracts for coverage, and districts are notified of the cost for insurance each fall. Premium costs vary, depending on statewide losses during previous years.

Insurance premiums are not refundable. The premium must be forwarded through PTA channels to be received in the California State PTA office by January 31, or a late fee of \$25 will be assessed by the California State PTA. Postmarks will not be accepted. Council and dis-

trict PTAs shall not assess additional fines or fees for late submission of insurance, per capita, or reports required by the California State PTA (1.2.3; 1.2.4).

District PTAs will notify their units annually of the current premium costs and the date premiums are due to district. Premiums are not to be sent directly to the California State PTA. The insurance term of coverage is one year, from January 5 through January 4.

Details regarding coverage and required annual payroll reporting of Workers' Compensation are furnished to PTAs through articles and inserts in *PTA in California* (the California State PTA newsletter), through service mailings, and through other direct mailings from councils, districts, and California State PTA.

In circumstances where a unit, council or district PTA is hiring part-time or full-time employees and the aggregate total cost of the employee wages is in excess of \$1000.00, the California State PTA will bill the unit, council or district PTA additional monies to help cover the cost of the increased premiums of Workers' Compensation Insurance coverage, as needed. Charges/fees will be based on the insurance rate charged by the State Fund, Workers' Compensation Insurance Provider.

- ALL PTAs will be required to pay the base rate. Base rate will cover gross wages of all persons hired up to \$1,000.00.
- PTAs that pay wages over \$1,000.00 will pay an additional premium of 5% of total gross wages (less \$1,000.00) of all persons hired to cover the increased cost of the Workers' Compensation insurance. This policy became effective January 5, 2005.

5.5.3a COMPREHENSIVE GENERAL LIABILITY

Coverage with a \$1,000,000 limit covers all unit, council and district PTAs when involved in approved PTA activities. It protects all members, in case they are held legally liable for bodily injury or property damage to another person that resulted from an allowed event. This is not a medical policy, but a policy that pays because an individual is held legally liable. If someone is injured but the injury is not a result of PTA negligence, the individual should utilize his or her private medical insurance coverage.

5.5.3b DIRECTORS AND OFFICERS LIABILITY

Coverage with a \$1,000,000 limit covers all unit, council and district PTA officers. It provides defense and protection if a director, officer, or member of PTA is sued for failure or alleged failure of a member to live up to the responsibilities and duties assumed as a member of the PTA.

5.5.3c BONDING INSURANCE

Bonding insurance covers all unit, council and district PTAs and all persons handling funds and PTA assets. The basic bond provides \$15,000 Employee/Volunteer Theft; \$15,000 Forgery; and \$15,000 Theft, Disappearance and Destruction of money or scrip. There

5.6.7 Filing Requirements for Employers

If the PTA is an employer, it must follow rules set up by the IRS, Social Security Administration, and the California EDD.

Employers must:

- Make timely payroll withholding deposits;
- Make quarterly federal and state payroll withholding reports within one month of the close of each payroll quarter, using *IRS Form 941* and *State Form DE-6*;
- Issue *IRS Form 1099-MISC* to all independent contractors by January 31, if the PTA pays \$600 or more during the calendar year to any unincorporated business or person for services rendered or in payment for a grant, award, or scholarship; *Form 1099-MISC* is not required to be issued to corporations or to those paid less than \$600;
- Issue *IRS Form W-2* to payroll employees by January 31 for the previous calendar year;
- Report *IRS Form 1099* and *Form W-2* information to federal and state agencies as well as the Social Security Administration by February 28 for the previous calendar year, using *IRS Form 1096* (Annual Summary and Transmittal of US Information Returns); and
- Report individuals who are independent contractors to the California EDD on *State Form DE 542, Report of Independent Contractor(s)* within 20 days of making payments of or entering into a contract for \$600 or more within any calendar year.

5.6.8 Penalties

Failure by an employer to pay taxes due or to withhold required amounts from an employee's wages can result in substantial penalties to the employer. Refer to the current *IRS Publication 15, Circular E, Employer's Tax Guide* and the current *California Employer's Tax Guide* for detailed information regarding penalties.

Penalties may apply if the PTA:

- Does not make required deposits on time;
- Does not make deposits at an authorized financial institution; or
- Pays with the return (amounts that may be paid with a return are limited).

Penalties may apply for each whole or part month if *IRS Form 941, Employer's Quarterly Federal Tax Return* is not filed when required, disregarding any extensions of the filing due date.

The PTA may make advance Earned Income Credit (EIC) payments to employees that submit *IRS Form W-5*. If the PTA does not do this, it is subject to a penalty equal to the amount of the advance EIC payments not made.

A penalty may be imposed if the PTA fails to file (on paper or on electronic media) an Information Return (*IRS Forms W-2* and *1099-MISC*) or files with incorrect information. A PTA that fails to withhold or pay over any tax withheld is guilty of a misdemeanor and the responsible party(ies) may be imprisoned and/or fined.

5.6.9 Filing Requirements for Independent Contractors

Payments of \$600 or more during a calendar year made to individuals for services rendered, who are not employees, must be reported on the *IRS Form 1099-MISC*. This report is due to the IRS by February 28, for payments made during the previous calendar year. Refer to *Employee vs. Independent Contractor (5.6.1)* for assistance.

PTA must report individuals who are independent contractors to the California EDD on *Form DE 542, Report of Independent Contractor(s)*, within 20 days of making payments of or entering into a contract for \$600 or more within any calendar year.

Currently, EDD may assess a penalty of \$24 for each failure to comply with the required time frames. A penalty of \$490 per instance may be assessed for failure to report independent contractor information. To obtain *Form DE 542* visit EDD website at www.edd.ca.gov.

Each independent contractor should complete a Request for Taxpayer Identification Number Form (Forms 9).

5.7 Tax Requirements

5.7.1 Employer Identification Number (EIN)

PTAs may not use any individual's social security number or the **Employer Identification Number** (EIN) of another organization. No other organization or entity may use the PTA's EIN.

The EIN is listed in the *Bylaws* as well as on the *IRS Form 990/990EZ*. If no number can be found, check with the council and district PTA treasurer. The district may call the State PTA office to obtain the number or ask for further assistance. The California State PTA will contact the IRS, if necessary, to obtain the EIN.

The district PTAs, under the authority of the California State PTA, are responsible for filing *IRS Form SS-4* to obtain the EIN for new units.

Employer Identification Number: A number issued by the IRS, upon submission of *IRS Form SS-4*, for the identification of all tax-related business of individual associations. The EIN is also required to open a bank account.

5.7.2 Tax Exempt Status and Letters of Determination

PTAs in California generally are not required to pay taxes on income earned. California State PTA has secured from the Internal Revenue Service a group

(blanket) tax exemption letter under Section 501(c)(3) of the Internal Revenue Code.

Unincorporated PTAs also have received an exemption letter from the California Franchise Tax Board confirming PTA's exemption from state franchise or income tax under Section 23701d of the Revenue and Taxation Code.

Separately incorporated PTAs must secure their own California Franchise Tax Board letter of exemption.

Both the federal and state exemption letters cover unit, council and district PTAs. Copies of the letters of determination may be obtained by contacting the California State PTA office. The PTA that needs the exemption letters must contact the California State PTA office.

To retain the tax-exempt status, PTAs must be careful that fundraising does not become a primary focus. An individual unit can have an effect on the entire organization. Unit, council and district PTAs do not pay tax on income from activities that are substantially related to the purpose for which the PTA was given exempt status.

5.7.3 Sales Tax

When PTAs sell items but use profits exclusively to support the purpose of the organization, they are considered consumers and not the retailers of certain items that they sell (California State Board of Equalization).

Sales tax is paid at the time of purchase by units. Consequently, resale use permits are not required by units to conduct sales of those items. Note carefully that the condition for this exemption requires that the profits from sales must be used exclusively to further the organization's purposes.

Vendors do not always charge sales tax to the units for items purchased for sale at fundraisers. At times, vendors have stated that the units are never charged sales tax, or they have argued that units need a seller's permit, because they are selling merchandise to the consumer.

According to the Tax Tips for Nonprofit Organizations (available from the California State Board of Equalization website at www.boe.ca.gov), units are excluded from collecting and remitting sales taxes for items sold, and have been determined to be the consumers of the items purchased. The proceeds from items sold however, must be used exclusively to further the organization's exempt purpose. This means the units must pay sales tax to vendors for such items intended for sale when they purchase the items from the vendors. The units are not considered to be sellers of items as a result of this special exclusion and, therefore, do not have to obtain sellers permits or file sales returns.

The units may have to inform the vendors of their exclusion status and insist on paying sales tax to the vendors. The units may need to adjust the vendor invoices to include sales tax and pay the adjusted amount. The units may have to consider using different vendors, if

they are unable to obtain cooperation or agreement regarding the payment of sales tax to the vendors.

If the vendor absolutely refuses to collect sales tax and no other vendor is available to satisfy the unit's requirement, sales tax for items purchased can and should be remitted by the unit to the Board of Equalization via written letter; this is not the usual action, but it is available if other actions as previously described are unsuccessful. Boards of Equalization local office locations are available from the Board of Equalization website at www.boe.ca.gov.

Council and district PTAs do not meet the same criteria as units and, therefore, are required to have resale use permits, obtained from the California State Board of Equalization, if they are engaged in fundraising that involves the sale of tangible items.

Because of the great diversity of fundraising activities by council and district PTAs, consult *Tax Tips for Nonprofit Organizations Publication 18, Sales and Use Tax Guide for Volunteer and Nonprofit Fundraising Organizations*, available from the California State Board of Equalization website at www.boe.ca.gov, to determine what may and may not be taxable.

If an out-of-state vendor does not have a resale certificate permitting him/her to do business in the state of California, then the unit must secure a one-time-only Resale Use Permit and the forms and instructions necessary to maintain records, file returns and pay use tax on gross sales from the State Board of Equalization office; contact via website at www.boe.ca.gov.

5.7.4 Federal Taxes

Although PTA is an organization that operates in the public trust, it must comply with all tax requirements as prescribed for its nonprofit status. As a result, all PTAs are required to file federal tax returns depending on their gross receipts (see below).

Unit, council and district PTAs with annual gross receipts normally more than \$25,000 and not in excess of 1 million must file *Form 990EZ* and *Schedule A*. Unit, council and district PTAs with annual gross receipts in excess of 1 million and assets over 1 million must file *Form 990* and *Schedule A*. These limits will change every year until 2011 so check the California State PTA website every year for the limits.

Tax Tips Pamphlet No. 18, "Sales and Use Tax Guide for Volunteer and Nonprofit Fundraising Organizations." California State Board of Equalization, 1020 N Street, Sacramento, CA 95814

PTAs will not provide tax training or offer advice on the preparation or filing of PTA tax returns. It is suggested that PTAs seek the advice of a tax professional knowledgeable about 501(c)(3) returns regarding all tax filings.

Unit, council and district PTAs with annual gross receipts normally less than \$25,000 are now required to file *Forms 990N (Electronic postcard)*.

The forms dated the year the PTA **fiscal year** begins are the correct forms to use. For example, if the current fiscal year begins July 1, 2007 and ends June 30, 2008, forms for the year 2007 should be used.

5.7.5 State Taxes and Government Forms

PTAs must adhere to state filing requirements.

Regardless of their asset or revenue levels, council and district PTAs are required to file the *Registration Renewal Fee Report (RRF-1)* annually with the California Attorney General's Registry of Charitable Trusts. Units are exempt from filing, unless they are incorporated.

The state charity registration number (CT#) is assigned after an organization is registered. The organization must submit the CT-1 (registration application) and the other documents/supporting materials listed on the CT-1. After the organization is registered, the CT# is assigned by the Attorney General's office. The RRF-1 cannot be processed until an organization is registered and the CT# has been assigned.

Form RRF-1 can be submitted with the CT-1 (registration application) or after the organization receives the letter confirming registration which will include the CT#. If Form RRF-1 is sent with the application, the Attorney General's office will place the CT# on the form after the registration is processed and proceed with processing the RRF-1.

Council and district PTAs with assets and revenues less than \$100,000 for the previous year will not be required to pay the \$25 filing fee. The due date for tax filing is the 15th day of the fifth month after the end of the association's fiscal year. If the fiscal year is July 1st through June 30th, tax returns must be postmarked no later than November 15th. There is no extension available for the RRF-1.

The CT-1 and RRF-1 forms and instructions are available on the Attorney General's website <http://ag.ca.gov/charities/>

District PTAs with annual gross receipts normally more than \$25,000 are required to file Form 199 with the Franchise Tax Board. The California State PTA submits a group filing of Form 199 on behalf of unit and council PTAs that are not incorporated.

Unit, council and district PTAs having unrelated business income of \$1,000 or more are required to file *Form 109* with the Franchise Tax Board.

Unit, council and district PTAs that are incorporated must file a *Statement by Domestic Nonprofit Corporation* with the California Secretary of State. A filing fee is required.

5.7.6 Gross Receipts

Gross receipts are the total amount of income received from all sources during the annual accounting period before subtracting any costs or expenses, not including funds not belonging to the unit (Funds not Belonging to the Unit 5.2.3).

The receipts of three immediate preceding years (including the year for which the return would be filed) are averaged to determine if tax filing is required.

An organization's gross receipts normally will not be more than \$25,000, if it has existed for:

- One year or less, and has received (or donors have pledged to give) gross receipts of \$37,500 or less during the first reporting year (for this purpose, there is no requirement to annualize the gross receipts, even if the first year is less than 12 months);
- More than one year, but less than three, and the average gross receipts received in the first two reporting years are \$30,000 or less; or
- At least three years, and the average gross receipts in the immediately preceding three years (including the year the return would be filed) are \$25,000 or less.

Always keep a copy of the signed tax forms for unit records and note the date that the forms were mailed.

All federal tax forms may be downloaded from www.irs.gov

State tax forms may be downloaded from www.ftb.ca.gov

Form RRF-1 may be downloaded from www.ag.ca.gov/charities

Go to www.guidestar.org to see copies of previously filed tax forms.

5.7.7 Unrelated Business Income Tax

PTAs may be required to pay tax on other types of income, referred to as **unrelated business income**. Unit, council and district PTAs with annual gross receipts associated with unrelated business income of \$1,000 or more must file IRS *Form 990-T*, Franchise Tax Board *Form 109*, and report the income when filing IRS *Form 990/990EZ*.

unrelated business income: Income derived from activities not directly related to the purpose or function of the PTA.

Meet any of these conditions to avoid Unrelated Business Income Taxation (UBIT):

1. Sell donated merchandise
2. Use substantially all donated help
3. Make sure the activity is not a "regularly carried on trade or business"
4. Make sure it furthers the PTA's exempt purpose

5.7.8 Filing Due Dates

The California State PTA provides general information about tax filing requirements, including due dates, but will not provide information or guidelines to unit, council and district PTAs concerning the completion of tax returns. Council and district PTAs shall not provide information, training or guidelines to constituent PTAs concerning the completion of tax returns. For PTAs that require assistance, it is recommended that an accountant or tax professional specializing in nonprofit 501(c)(3) organizations be consulted regarding all tax filings. This is a legitimate PTA expense.

The due date for tax filing is the 15th day of the fifth month after the end of the association's fiscal year. If the **fiscal year** is July 1st through June 30th, tax returns must be postmarked no later than November 15th. If an extension is required, instructions regarding extensions of time to file are included in the filing instructions for each form.

fiscal year: The date set at the time an association is chartered to annually open and close its financial books and records.

5.7.9 Officer Responsibilities for Filing

Although the responsibility of filing lies with the treasurer whether or not a tax form is received, it is the executive board's responsibility to ensure that all forms are filed by the due date. The auditor shall verify on the Audit Report Form that all tax forms have been filed, if required.

Be sure the treasurer is not overwhelmed and understands the complexities of completing the required forms. A good bookkeeper is not necessarily comfortable with completing tax forms.

Consider hiring an outside professional, well-versed in nonprofit tax requirements, to complete the PTA tax forms. Tax filings are complex even for many professionals. No volunteer should feel stressed doing them or embarrassed not to do them. The objective is to have them done properly and on time.

Always keep a copy of the signed tax forms for the unit's records and note the date that the forms were mailed.

If a PTA that is required to file *Form 990/990EZ* is disbanded, IRS regulations require that a final *Form 990/990EZ* and an explanatory statement be filed by the

15th day of the fifth month after the change in status. The district PTA is responsible for filing.

Do not forget to sign and date the tax return. Tax forms may be signed by any elected officer.

5.7.10 Resources

Federal tax forms can be obtained from local libraries and post offices; by calling 800.TAX.FORM; or by downloading the forms directly from www.irs.ustreas.gov.

State tax forms can be obtained by calling the Franchise Tax Board at 800.338.0505; writing to the Tax Forms Request Unit, P.O. Box 307, Rancho Cordova, CA 95741-0307; or downloading the forms directly from www.ftb.ca.gov.

5.8 Financing Programs or Purchases

A PTA may elect to organize or support educational programs subject to National PTA guidelines. Such programs could range from hiring staff by gifting monies to school districts, supporting classroom field trips or supporting an academic enrichment program. All projects and programs must be voted on by the current year's membership.

Staffing, tutoring and enrichment programs must be based on the needs of the school community. Consult with the principal, the faculty, the (hired) program director and the parents. Programs worthy of PTA support may be highly structured, somewhat structured, or completely unstructured beyond the basic requirements. The program should have positive benefits for all participants.

5.8.1 Gifts to Schools

PTA programs promoting parent education, home and school cooperation, children's well-being, community betterment, and funding for education must have first call on PTA funds. However, when a PTA is asked to purchase or provide materials for the local school, it is necessary to follow certain guidelines so that the gift will be acceptable to both the PTA membership and the school district.

Certain gifts, such as funding for field trips, enrichment programs, teacher aides, special instructors, books, classroom supplies, or major equipment purchases, require prior approval from the PTA membership, school principal, and school district.

PTA members must approve the expenditure of all funds, including the amount of monies to be used for purchasing school equipment, prior to any purchase. This approval must come in the form of a motion and vote at a meeting of the membership and must be recorded in the association minutes of the meeting. Since PTA membership is new each year, funds cannot be committed from one year to the next.

A gift to the school should benefit the largest number of students possible. Many school districts have policies and regulations on accepting gifts. Be sure to check with

STATE COMPENSATION PTA EMPLOYEE INJURY CLAIM FORM LOG

	EMPLOYEE'S NAME	DATE FORM PROVIDED	DATE FORM RETURNED
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Name of PTA _____ Date _____

EVERY UNIT, COUNCIL AND DISTRICT PTA
 MUST COMPLETE AND RETURN THIS FORM *EVEN IF NO ONE WAS PAID*

WORKERS' COMPENSATION ANNUAL PAYROLL REPORT

(Attach insurance premium payment to Report and forward to council/district PTA as directed by their due date. Payment must be received from district PTA on or before January 31)

Name of PTA _____ District PTA _____

Address _____ Council _____

City _____ Zip _____

Please note: List only those employees that PTA pays directly. Attach copies of all DE-6 and DE-542. Do NOT list when monies are donated to school district for employee salaries. Do NOT list company name, only individual names.

	NAME OF WORKER	TYPE OF WORK BE SPECIFIC	DOES PERSON PAID CARRY HIS/HER OWN WORKERS' COMPENSATION INSURANCE?		DATES WORKED JAN 5, ____ TO JAN 4, ____	PAYROLL AMOUNT PAID
			YES*	NO		
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
A	Total Payroll for ALL Employees					
B	Less \$1000					-\$1,000.00
C	Gross Payroll					
D	Premium due for additional Workers' Compensation insurance coverage. 5% of Gross Payroll (Line C)					

*If yes, worker must supply the PTA with a Certificate of Insurance from his/her Workers' Compensation insurance carrier.
 This report form must be completed and forwarded through channels to reach the California State PTA office no later than January 31.

- Unit, council and district PTAs are required to file this form, **even if no one was paid.**
- Report ALL paid workers – attach additional Payroll Report detail pages(s) as necessary.
- Attach copies of quarterly employee reporting forms DE-6 and DE-542 for Independent Contractors.
- Write "NO ONE PAID" across form if no one was paid.
- Signed by treasurer or president..
- Forward through channels (unit to council to district). DO NOT send directly to the California State PTA office.
- Insurance premium received in the California State PTA office after January 31 is subject to a \$25 late fee by State PTA.
- (See *California State PTA Toolkit*, "Workers' Compensation Annual Report," 5.6.5 for more information.

Date _____ Signed _____

Telephone (_____) _____ Position _____

FOR COUNCIL/DISTRICT PTA USE ONLY

PAYMENT DATE	CHECK NUMBER	AMOUNT OF CHECK	TOTAL PREMIUM (LINE D)	AMOUNT DUE
SIGNATURE (Council/district PTA president or treasurer):				