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# Torrance Council of PTAs Financial Workshop

— January 2022 —

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# Council Financial Team 2021-2022

**Email: [tcptafinancial@gmail.com](mailto:tcptafinancial@gmail.com)**

<b>Treasurer</b> Mary Scharpf, 310-371-0452 <a href="mailto:mary.scharpf@yahoo.com">mary.scharpf@yahoo.com</a>	Receives copies of tax returns, charitable trust registration form, raffle registration form, raffle report, workers' comp form, unit annual financial report.
<b>Financial Secretary</b> Shanie Asato, 310-702-3741 <a href="mailto:akasju@pacbell.net">akasju@pacbell.net</a>	Receives all money (submit with Council remit form). Contact to purchase unit payment authorization forms, cash verification forms, treasurer's books.
<b>9th VP - Director of Budget &amp; Finance</b> Jessica Nguyen, 562-233-1540 <a href="mailto:tcpta9vp@gmail.com">tcpta9vp@gmail.com</a>	Receives requests for reimbursement or advances from Council, copies of association approved budgets, keeps track of Council budget.
<b>Auditor</b> Jennifer Ruste, 310-918-6298 <a href="mailto:tcptaauditor@gmail.com">tcptaauditor@gmail.com</a>	Receives copies of audits, monthly and association unit treasurer reports, minutes

# PTA Resources

- Your unit bylaws and standing rules - available from your unit parliamentarian
- Torrance Council of PTAs website - [torrancecouncilofptas.org](https://torrancecouncilofptas.org)
- California State PTA - [CAPTA.org](https://CAPTA.org)
  - Toolkit - [toolkit.CAPTA.org](https://toolkit.CAPTA.org)
- CAPTA Insurance Coverage - [CAPTA.org/pta-leaders/services/insurance](https://CAPTA.org/pta-leaders/services/insurance)
  - AIM (Association Insurance Management, Inc.)
  - Contact: [capta@aim-companies.com](mailto:capta@aim-companies.com)
  - Insurance & Loss Prevention Guide
- California Attorney General - [oag.ca.gov/charities/](https://oag.ca.gov/charities/)
  - Charitable Trust Registration (RRF-1) and CT-TR-1
  - Raffle Registration & Reporting
- California Secretary of State - [www.sos.ca.gov/business-programs/business-entities/statements](https://www.sos.ca.gov/business-programs/business-entities/statements)
  - For incorporated units, Statement of Information must be submitted every other year

# Workers' Compensation Annual Payroll Report

- Every PTA must submit a report (even if no one was paid)
- The report covers the period from January 5, 2021 to January 4, 2022
- The report and any necessary surcharge is due directly to AIM Insurance (not through PTA channels) by January 31, 2022
- The report may be filled out/submitted by the treasurer or president
- Online form
  - Step by step [instruction video](#) for completing the online form
  - [Written instructions](#) for online form
  - [Written instructions for entering paid individuals](#) on the online form
- Paper form
  - [Written instructions for paper form](#)

# Workers' Compensation Annual Payroll Report (cont'd)

- If your PTA did not pay any employees, individuals, or independent contractors for services, check the **No One Paid** option
- Who should be listed on the report?
  - In general, any employees/individuals/independent contractors directly paid by the PTA
  - Some examples: babysitters, security, tax preparer, DJs or other entertainers
  - DO NOT include individuals who are paid by the school district
- If the individual/independent contractor has their own workers comp insurance, request a copy to upload with your form
- If the individual/independent contractor does NOT have their own workers comp insurance, your PTA may owe a surcharge
  - Your PTA will owe a surcharge of 5% of the total amount paid (minus \$1,000) to individuals/independent contractors without their own workers comp insurance

# 1099 for Individuals/Independent Contractors

- Any individual, independent contractor, or vendor who is not incorporated (or treated as a corporation for tax purposes) and who is paid \$600 or more for services in a calendar year must be issued a IRS *Form 1099 NEC* by January 31
- Any independent contractor or vendor who was paid less than \$600 for services and requests a *1099 NEC* be issued must be provided one
- The *1099 NEC* is filed based on the *calendar* year, NOT the fiscal year
- PTAs should request a IRS *Form W-9* (Request for Taxpayer Identification Number) from any contractor or vendor they expect to pay \$600 or more for services in a calendar year
- PTA must report individuals/independent contractors to the California EDD on *Form DE 542* (Report of Independent Contractors(s)) within 20 days of making payments of, or entering into a contract for \$600, or more within any calendar year

# Mid-Year Budget Review

- Mid-year is a good time to review the budget and make any necessary revisions
  - Treasurer chairs the budget committee (president, financial officers, other board members)
  - Review the budget
    - Did the income from fundraisers come in as expected? Is membership higher/lower than expected?
    - Are expenses higher/lower than what was expected?
    - New programs/fundraisers? Canceled programs/fundraisers?
  - Ensure any new programs/activities/fundraisers are in compliance with the Insurance and Loss Prevention Guide
- Present the revised budget to the executive board and association for approval
- Approval of all programs/fundraisers must be in the minutes for insurance purposes
- Keep a record of original budget prepared at the beginning of the year

# Gifts to School & Classroom Rewards

- Classroom Rewards vs. Gift to School
  - “Classroom Rewards” programs where PTA purchases approved supplies that will be used by teachers/students in classrooms are allowed with prior association approval
  - Gifts to School are usually for items that will stay with the school
- Gift to School
  - Gift to School Committee
    - Composed of PTA president and/or board members along with school principal and/or other administrators/teachers
    - Discuss needs of the school along with available PTA funds
    - Provide recommendations of gifts to school to the executive board
  - Recommendations of Gifts to School
    - Present to the executive board for discussion/approval
    - After executive board approves gifts to school, present to the association for approval
  - Field trips and payments for bus transportation are considered gifts to school
    - Must be approved by TUSD
    - Bus transportation must be paid through TUSD



# Fiduciary Agreement

- Purpose of the Fiduciary Agreement
  - Document the school's responsibility to spend donated funds by a certain date as specified by the PTA
  - Transfer ownership of equipment donated to the school
  - Transfer responsibility for installation, operation, and maintenance of donated equipment to the school
- The Fiduciary Agreement should be completed for all donations to your school
  - Includes donations of money, equipment, items, etc.
  - It is signed by the PTA president, PTA treasurer, and the school administrator
- Keep track of fiduciary agreements
  - PTA may ask for accounting of donated funds
  - Ensure that funds have been spent as specified
  - If funds have not been spent by the designated date, the PTA may ask for those funds to be returned

### MONETARY DONATION:

All monies being donated to schools should be payable to TUSD and given to the school site for deposit in the school's district account. The school name should be written on the memo line.

The \_\_\_\_\_ PTA/PTSA, hereafter referred to as "PTA", hereby gives to \_\_\_\_\_ School, hereafter referred to as "School", a monetary grant in the amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), PTA check number \_\_\_\_\_, dated and signed by \_\_\_\_\_ (President) and \_\_\_\_\_ (Treasurer) of the PTA.

The gift money is for the sole purpose of \_\_\_\_\_

It is hereby agreed that the gift monies will be spent for the above stated purpose on or before \_\_\_\_\_ (date). Any portion of such funds that is unused or unexpended as of such date shall be reimbursed in full to the PTA within sixty (60) business days of the expiration date.

PTA President: \_\_\_\_\_ Date: \_\_\_\_\_

PTA Treasurer: \_\_\_\_\_ Date: \_\_\_\_\_

School Administrator: \_\_\_\_\_ Date: \_\_\_\_\_

### EQUIPMENT DONATION:

The \_\_\_\_\_ PTA/PTSA, hereafter referred to as "PTA", hereby gives to \_\_\_\_\_ School, hereafter referred to as "School", the following equipment \_\_\_\_\_

The School accepts ownership of the above described equipment and accepts responsibility for the installation, operation and maintenance of the above described equipment.

PTA President: \_\_\_\_\_ Date: \_\_\_\_\_

PTA Treasurer: \_\_\_\_\_ Date: \_\_\_\_\_

School Administrator: \_\_\_\_\_ Date: \_\_\_\_\_

# End of Year Responsibilities

- Close out the books for the year, and prepare year-end reports (for period ending June 30)
  - Treasurer, financial secretary, budget to actual reports
- Gather all information/materials needed for the audit (January 1 thru June 30) and pass on to the current auditor
- Prepare the Treasurer's Annual Report (due to Torrance Council by October meeting)
- Prepare federal and state taxes and charitable trust registration for the fiscal year (July 1 thru June 30) (must be filed by November 15)
- If a raffle was held during the school year, submit raffle report by October 1
- Inform the incoming financial team of their responsibilities
  - Assist incoming board (as needed) with preparation of the budget for next year for adoption at the last association meeting of the school year
  - Transfer all materials as well as login information for accounting software

# Preparing for the Audit

- The auditor prepares two audits per year
  - July 1 thru December 31
    - Target completion date - adoption at February executive board and association meetings
  - January 1 thru June 30
    - Target completion date - adoption at September executive board and association meetings
- Financial records to be given to the auditor for each period
  - Permanent financial record book
  - Checkbook register
  - Bank statements
  - Bank reconciliation reports
  - Payment authorizations and receipts/invoices
  - Cash verifications and deposit records
  - All federal and state filings (taxes, charitable trust, worker's comp, raffle reports, etc.)

# Treasurer's Annual Report

- The treasurer is required to prepare this report at the end of the fiscal year
- The report summarizes gross receipts and disbursements for the fiscal year (July 1 - June 30) broken down by category (i.e., fundraisers, programs, administrative)
- The tax preparer uses the Annual Report to prepare and file taxes
- This report is turned in to council and district PTAs
- 3 different report options:
  - Budget to Actual Report that covers the entire fiscal year
  - Treasurer's Annual Report form in an Excel file as provided by Torrance Council
  - Annual Report that includes all of the information in the sample found in the CAPTA Toolkit (<http://downloads.capta.org/toolkit/forms/AnnualFinancialSample.pdf>)
- A copy is due to Torrance Council at the October executive board meeting

# Federal and State Filings

- All PTA units must file a federal and a state tax return each fiscal year
- Tax returns (or IRS extension) must be filed by November 15
- Charitable trust renewal form (RRF-1) must be filed with the California Attorney General's office with payment by November 15
  - If your unit files the 990N, your RRF-1 must be submitted along with the form CT-TR-1
  - If your unit files the 990 or 990EZ, your RRF-1 must be submitted along with a copy of your 990 or 990EZ
- If your unit intends to hold a raffle, you must register the raffle with the California Attorney General's office (CT-NRP-1) prior to September 1 (or at least 60 days prior to the raffle); raffle reports (CT-NRP-2) are due by October 1 of the following school year
- Incorporated units must file a Statement of Information form to the California Secretary of State's office every other year
- Copies of all filings must be turned in to Torrance Council as soon as completed

# Miscellaneous

- Memberships
  - Make sure to forward membership dues (\$6 per membership) to council monthly
    - DO NOT forward dues for memberships received through TOTEM
    - Only forward dues received via cash, check, webstore, etc.
  - Check your budget to actual report - the transitory membership income should equal the transitory membership expense
  - Deposit council solicited membership checks as soon as possible
- Recording of dates of financial transactions
  - Deposits and checks should be recorded in your financial books using the date that they occurred
  - DO NOT RECORD USING THE DATE THE TRANSACTION CLEARED THE BANK

# Financial Records Retention

- Permanent
  - Annual Financial Statements
  - Audit Reports
  - General ledger (monthly receipts and disbursements)
  - Treasurer's Annual Report
  - Federal and State Tax Returns
  - Charitable Trust Registrations
  - Raffle Reports
  - IRS Rulings
  - Cancelled checks (special, such as loan repayment)
- 7 Years
  - Accounts payable (payment authorizations and receipts/invoices)
  - Accounts receivable (cash verification forms and deposit receipts)
  - Bank statements, reconciliations, deposit slips
  - Cancelled checks (routine)
  - Employee, Business Expense Reports, Documents (workers' comp, 1099)
  - Interim financial statements
  - Credit card receipts

## **Records Retention and Destruction Policy**

for all PTA records can be found on the CAPTA website at

[toolkit.capta.org/finance/policies-and-procedures/records-retention-schedule-and-destruction-policy/](https://toolkit.capta.org/finance/policies-and-procedures/records-retention-schedule-and-destruction-policy/)

# Financial Turn-In Dates - Reports, Documents, Payments

Turn in reports and documents to: [tcptadocs@gmail.com](mailto:tcptadocs@gmail.com)

- Monthly
  - Executive board treasurer reports
  - Membership dues - \$6 per member
- September
  - Treasurer reports for previous year
- October
  - Audit for January 1 - June 30 adopted by association
  - Budget approved by association
  - Treasurer's Annual Report (for previous fiscal year)
  - Raffle registration/report
  - Association treasurer report (Sept meeting)
- November/December
  - Federal and state tax returns (all pages)
  - Charitable trust registration form (RRF-1)
  - Insurance payment - currently \$258
- November/December (continued)
  - Donations for council & district (scholarship, Project BOSS & HOPE, health, Founders Day)
- December/January
  - Workers' Comp Annual Payroll Report
  - Association treasurer report (Nov/Dec meeting)
- March/April
  - Audit for July 1 - December 31 adopted by association
  - Revised budgets approved by association
  - Association treasurer report (Feb/March meeting)
- As needed
  - Payments for meetings, luncheons, etc.
  - Statement of Information (for incorporated units), Fiduciary Agreements



# QUESTIONS?

## Workshop Survey

<https://forms.gle/11w8s4fXng8Rpk9u5>

