
Torrance Council of PTAs Financial Workshop

— January 2023 —

Council Financial Team 2022-2023

Treasurer Shanie Asato, 310-702-3741 treasurer@torrancecouncilofptas.org	Receives copies of tax returns, charitable trust registration form, raffle registration form, raffle report, workers' comp form, unit annual financial report.
Financial Secretary Mary Scharpf, 310-371-0452 financialsec@torrancecouncilofptas.org	Receives all money (submit with Council remit form). Contact to purchase unit payment authorization forms, cash verification forms, treasurer's books.
9th VP - Director of Budget & Finance Ouafa Zerouali, 310-621-8564 9vp@torrancecouncilofptas.org	Receives requests for reimbursement or advances from Council, copies of association approved budgets, keeps track of Council budget.
Auditor Jennifer Ruste, 310-918-6298 auditor@torrancecouncilofptas.org	Receives copies of audits, monthly and association unit treasurer reports, minutes

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, 2022 to January 4, 2023
- The report and any necessary surcharge is due directly to AIM Insurance (not through PTA channels) by **January 31, 2023**
- 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 completing 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: security, babysitters, 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 that do not have 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 the 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
- California EDD requirement - PTA must report individuals/independent contractors 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

IRS Form W-9

- What is it?
 - Request for Taxpayer Identification Number and Certification
- Why would PTA need to fill out this form?
 - Organizations that wish to hold a fundraiser for or donate to your PTA may request the form
- Why would a PTA unit request an organization to fill out this form?
 - Any vendor that will provide a service for your PTA unit should fill out this form
 - The form provides the tax identification number (either SSN or employee identification number) of the organization
 - The form also indicates whether the organization is an individual, sole proprietorship, or corporation for tax purposes

Sample IRS Form W-9

Form W-9 (Rev. October 2018) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification ▶ Go to www.irs.gov/FormW9 for instructions and the latest information.	Give Form to the requester, Do not send to the IRS.																																													
1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. PTA California Congress of Parents Teachers and Students Inc.																																															
2 Business name/disregarded entity name, if different from above <PTA name as shown on your bylaws>																																															
Print or type. See Specific Instructions on page 3.	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.																																														
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input checked="" type="checkbox"/> Other (see instructions) ▶ Association 501(c)3																																														
4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to amounts maintained outside the U.S.)</small>																																															
5 Address (number, street, and apt. or suite no.) See instructions. <PTA mailing address>		Requester's name and address (optional)																																													
6 City, state, and ZIP code <PTA city, state, zip code>																																															
7 List account number(s) here (optional)																																															
Part I Taxpayer Identification Number (TIN)																																															
Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> , later.																																															
Note: If the account is in more than one name, see the instructions for line 1. Also see <i>What Name and Number To Give the Requester</i> for guidelines on whose number to enter.																																															
<table border="1" style="width: 100%;"> <tr> <td colspan="9" style="text-align: center;">Social security number</td> </tr> <tr> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> <td style="width: 25px; height: 25px;"></td> </tr> <tr> <td colspan="9" style="text-align: center;">OR</td> </tr> <tr> <td colspan="9" style="text-align: center;">Employer identification number</td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">-</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> <td style="text-align: center;">8 9</td> </tr> </table>			Social security number																		OR									Employer identification number									1	2	-	3	4	5	6	7	8 9
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Part II Certification																																															
Under penalties of perjury, I certify that:																																															
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and 3. I am a U.S. citizen or other U.S. person (defined below); and 4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.																																															
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.																																															
Sign Here	Signature of U.S. person ▶ <Signed by PTA board member>	Date ▶ <Date signed>																																													

Workers' Comp/1099 Questions

	Include on Workers' Comp Form?	Issue 1099?
John Smith - DJ for school dance; \$400		
Elementary school librarian; \$1,000		
Resource teacher (funds paid through TUSD); \$10,000		
DJ Company, Inc. - DJ for grad night; \$700		
Sue Johnson - security for event; \$200		
Mike Jones - assembly; \$800		

Workers' Comp/1099 Questions

	Include on Workers' Comp Form?	Issue 1099?
John Smith - DJ for school dance; \$400	Yes individual	No < \$600
Elementary school librarian; \$1,000	Yes individual	Yes > \$600
Resource teacher (funds paid through TUSD); \$10,000	No TUSD employee	No TUSD employee
DJ Company, Inc. - DJ for grad night; \$700	No corporation	No corporation
Sue Johnson - security for event; \$200	Yes individual	No < \$600
Mike Jones - assembly; \$800	yes/no Yes if individual; no if corporation	yes/no Yes if individual/no if corporation

Proof of Tax-Exempt Status - 501(c)3

- PTA must be in good standing with all federal and state filings (i.e., taxes, charitable trust registration, raffle reports, etc.)
- Letter of Determination (LOD)
 - Includes letters from IRS and Franchise Tax Board indicating tax-exempt status, and a letter confirming that the unit is part of CAPTA
 - President or treasurer can request LOD from CAPTA at lod@capta.org - send email with the following info:
 - Unit Name
 - Council Name (Torrance Council of PTAs)
 - District (Thirty-Third District)
 - President Name
- [Entity Status Letter](#) from Franchise Tax Board
- Companies/organizations donating to PTA may request LOD and/or IRS [Form W9](#)

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

Membership Dues

- Ensure that membership dues (council portion) are forwarded to council monthly
 - Membership dues = council portion (\$6) + unit portion
 - Only forward dues received by your unit via cash, check, online sales, etc.
- Dues received from TOTEM and council (for council-solicited members) are only the unit portion - it is not necessary to forward any dues to council for these members
- Check your budget to actual report - the transitory membership income should equal the transitory membership expense
 - If the “transitory membership income” is greater than the “transitory membership expense,” then non-unit membership dues are owed to council
- Who is responsible to ensure that membership dues are forwarded to council?
 - President, Membership Chairperson, Financial Team
- Deposit council-solicited membership checks as soon as possible

How to Set Up Your Budget to Record Memberships

- Income
 - Administration
 - Membership Dues Income
 - 001 = unit portion of dues that are paid directly to unit (cash, check, or online sales) (500 members)
 - 001A = unit portion of dues received from TOTEM (125 members)
 - 001B = unit portion of dues received from council (12 members)
 - 003 Membership Donations Income - separate line to record donations that come in with memberships - do not include with membership dues
 - Non-Unit Income
 - 002 Membership Dues Transitory Income - council portion of dues rec'd by unit that will be forwarded to council
- Expense
 - Non-Unit Expense
 - 002 Membership Dues Transitory Expense - council portion of dues rec'd by unit that are paid to council (should equal Membership Dues Transitory Income)

Membership dues = \$10 (unit portion = \$4, council portion = \$6)

Income		
Administration		
	001 - Membership Dues Income	\$ 2,000.00
	001A - Membership Dues Income from TOTEM	\$ 500.00
	001B - Membership Dues Income - Council Solicited	\$ 48.00
	003 - Membership Donations Income	\$ 500.00
Non-Unit Income		
	002 - Membership Dues Transitory Income	\$ 3,000.00
Expense		
Non-Unit Expense		
	002 - Membership Dues Transitory Expense	\$ 3,000.00

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 “larger” items that will stay with the school that are decided on and approved each year by the gift to school committee, executive board, and association
- 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
 - Field trips 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 and responsibility for equipment donated to the school; installation, operation, and maintenance of donated equipment is the school's responsibility
- The Fiduciary Agreement should be completed for all donations to your school
 - It is signed by the PTA president, PTA treasurer, and the school administrator
- Keep track of fiduciary agreements
 - Ensure that funds have been spent by the school as specified by the PTA
 - 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 (990/990EZ/990N) and a state tax return (199/199N) each fiscal year 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

QUESTIONS?