Start the Year Off on the Right Foot

by Janet Meyerson, NYS PTA Treasurer

To make sure that you start the year off on the right financial footing make sure that the following fiscal controls are in place. I hope the following information is helpful:

CHECKLIST FOR PRESIDENTS AND TREASURERS

- Update All Bank Accounts To Make Sure That There Are Two (2) Signatures On All Accounts
- Make Sure That The Audit Committee Has Met And That The Audit Has Been Completed
- Year End Financial Statement Has Been Completed
- A Budget Has Been Prepared For Membership Adoption
- Determine Which IRS Form 990 Needs To Be Filed

SIGNATURE CARDS

- Secure signature cards for all bank accounts to change authorized signatures

THE AUDIT

The association’s books must be audited annually as per PTA bylaws.

What is the purpose of an audit?

- Protects the treasurer and assures the membership that the accounts are accurate
- Assures the membership that the association’s resources/funds are being managed within the regulations established
- Tracks financial transactions through the records to ensure that receipts and expenditures have been made as authorized by the association

Who does the audit and when?

- The executive board appoints an auditing committee of 3 - 5 members, who do not have signature or access to any of the PTA accounts, or hire a professional auditor
- Books should always be audited before a new treasurer assumes his/her duties
- The audit report is presented to the membership for adoption at the annual meeting or at the first meeting of the succeeding school year in accordance with the association’s bylaws

What is needed for an audit?

- Treasurer's reports
- Checkbook and ledger
- Bank statements, deposits and canceled checks
- Paid vouchers, receipts and bills
- Adopted budget
- Minutes of meetings to verify any actions taken to amend the budget

YEAR END FINANCIAL STATEMENT

- Prepare a final statement for the fiscal year end, clearly showing all income and expenses and any final adjustments

THE BUDGET

Who prepares the budget?

- budget committee (check bylaws/procedures for duties and formation of committee) is usually comprised of 3 - 5 individuals, appointed by the executive board, with the treasurer serving as chairman.

What is the purpose of the budget?

- A budget is an outline of estimated income and expenses that reflects association’s goals.
- Provide a sound fiscal plan for the association
- Have a document that has been approved by the membership that authorizes all fund raising and expenses

How is the budget prepared?

- Review past budgets and annual reports
- Consider amount of money on hand
- Plan new and existing programs and projects
- Provide sufficient funds to function during summer and early fall
- Do not include state and national portion of dues—only include the portion that your unit keeps
- Finally, establish what fundraising will be necessary to support the programs and projects

What expenses are included in a budget?

- Administrative, such as postage, supplies, printing
- Committee activities and programs
- PTA newsletter
- Leadership training: workshops, conferences, conventions
- Contributions: NYS PTA Twin Projects, Distinguished Service Award, and other state, region and local unit awards and scholarships
- Informational and educational services

Who approves/adopts the budget?

- Proposed budget submitted to the executive board for review
- Adopted by a majority vote of the association’s general membership or the voting body of a council, normally at the first meeting of the year
- Budget may be amended by a 2/3 vote; or with previous notice, by a majority vote

IRS FORM 990 - WHAT FORM DO YOU FILE?

- If gross receipts are less than $50,000 - e-postcard filing (this is an electronic filing, not a paper filing)
- If gross receipts are between $50,000 and $1,000,000 - Form 990EZ
- If gross receipts exceed $1,000,000 - Form 990
- Due on the 15th day of the 5th month after your fiscal year end (for units with a June 30th year end returns are due on November 15th)
- Can request a filing extension on Form 2758
- All documents are downloadable in pdf format at www.irs.gov

http://www.irs.gov/charities/article/0,,id=169250,00.html