

**College Station ISD
Parent Teacher Organization
Guidelines**



**College Station ISD PTO
Guidelines
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FOR YOUR RECORDS ONLY

PTO CLUB Checklist

The following checklist serves as a guide to help ensure that your PTO has complied with the District's Board Policies and guidelines and federal and state regulations governing PTO CLUBS. In addition, information you document here will help future officers continue your compliance efforts.

General

- 1. Provide the Business Office and the School Principal with a list of the PTO CLUB officers at the beginning of each school year and as officers change. The list should include:
 - Name
 - Office Held
 - Home Phone Number
 - Work/Cell Phone Number
 - E-mail address and Mailing address

- 2. Provide the School Principal with the PTO CLUB'S charter, Articles of Incorporation, EIN #, bylaws, and operating procedures when they are originated. In addition, provide updated copies as changes are made.

- 3. The PTO CLUB'S official mailing address is:

Official Name _____
PO Box / Street _____
City, State and Zip Code _____

Fund-raisers

- 4. Provide the Business Office and School Principal with a list of fund-raisers planned for the current year no later than the date established by the School Principal or September 1 for fall fundraisers and December 1 for spring fundraisers.

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- 5. Provide the Business Office and School Principal with detailed fund-raising information at least 30 days prior to the fund-raising event.

The detailed fund-raising information should include:

- Purpose of the fund-raiser,
 - 1. Type of fund-raising activity (i.e., candy sale, carnival)
- Date(s), time(s), and place(s) of the activity,
- Name of the sponsoring organization,
- Name and phone number of organization’s representative,
- Name and phone number of person(s) in charge of the fund-raiser, and
- Name and phone number of the person(s) who will be handling the money for the fund-raiser.

- 6. If your PTO CLUB has received tax-exempt status from the Texas State Comptroller’s Office, your organization is entitled to two (2) “one-day, tax-free” sales/auction days per calendar year. (See Checklist item #15.)

If you are entitled to the two “one-day, tax-free” sales days, indicate the “one-day, tax-free” sales/auction that have been used or that are planned:

Calendar Year	_____
Date / Fund-raiser	_____
Date / Fund-raiser	_____
Calendar Year	_____
Date / Fund-raiser	_____
Date / Fund-raiser	_____

- 7. The PTO CLUB cannot require members or students to fund-raise or raise a certain amount. For example, a student’s ability to attend a trip cannot be based on raising a certain amount of money. If your PTO CLUB is currently requiring fund- raising, discontinue this requirement.

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- 8. The PTO CLUB cannot use individual accounts to credit an individual for funds raised. If your PTO CLUB is using individual accounts currently, this practice should be discontinued.

Fund-raising is an opportunity to generate revenue for the PTO CLUB as a group, not individuals. Therefore, revenues should be recorded in a group account where all members or students have the same opportunity to **benefit equally** from the revenues.

One member or student should not receive a larger benefit from fund-raising than another. In addition, if a member or student chooses not to participate in the fund-raiser, that person still **receives an equal benefit** from the revenues generated.

Financial Matters

General

- 9. The bank accounts used by the PTO CLUB include:

<u>Bank Name</u>	<u>Account Number</u>
_____	_____
_____	_____
_____	_____
_____	_____

- 10. Determine the identification number used for the bank accounts. The PTO CLUB’S Employee Identification Number (EIN) should be used. Do not use an individual’s social security number, and **do not use the District’s EIN**.

PTO CLUB Checklist

- 11. Update the authorized signers on your bank accounts as officers change.

The current authorized signers include the following PTO CLUB officers:

<u>Name of Person</u>	<u>Officer Position Held</u> <u>/ District Employee?</u> <u>(Yes/No)</u>
<i>Example: June Bugg</i>	<i>President / No</i>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

IMPORTANT

The Principal and the Principal’s Secretary cannot be an authorized signer on the PTO CLUB’S bank accounts.

In addition, no employee of the District may be the club Treasurer or an authorized signer on the PTO CLUB’S bank account.

- 12. The Treasurer should prepare a written PTO CLUB Financial Report on a monthly basis and present to the organization’s Board. An annual financial report should be presented to the PTO CLUB, the Principal and the CSISD Business Office.

- 13. The District requires that the annual Financial Report be reviewed by a Review Committee. A report should be prepared indicating the results of the review of the organization’s financial information, including the Financial Report. The report should be presented to the PTO CLUB, the Principal and the CSISD Business Office.

PTO CLUB Checklist

State Regulatory Information

*The following items need to be done **only once** since the origination of the PTO CLUB.*

14. Determine whether your organization has obtained a Texas Sales Tax Permit.
The PTO CLUB'S sales tax permit number is: _____
15. Determine whether your organization has obtained a sales tax-exemption from the Texas State Comptroller's Office.
- Yes, the PTO CLUB has received a sales tax-exemption from the Texas State Comptroller's Office
 - No, the PTO CLUB has not received a sales tax-exemption from the Texas State Comptroller's Office

Reminder: Only those organizations with a sales tax-exemption from the Texas State Comptroller's Office are entitled to the two (2) "one-day, tax-free" sales/auction days.

16. If the PTO is incorporated, determine whether your organization has obtained an exemption from Texas franchise tax from the Texas State Comptroller's Office.
- The PTO CLUB is incorporated:
- Yes
 - No
- If the PTO CLUB is incorporated, an exemption from Texas franchise tax was obtained from the Texas State Comptroller's Office:
- Yes
 - No

PTO CLUB Checklist

The following item is applicable each school year or calendar year.

17. If the PTO CLUB has a Texas Sales Tax Permit then your organization must file a Texas State Sales Tax Reports as required, **EVEN IF ZERO SALES WERE MADE DURING THE PERIOD.**

The Texas State Comptroller's Office determines whether the report needs to be filed quarterly, semi-annually, or annually and is subject to change.

The PTO CLUB files its Texas State Sales Tax Report:

- Quarterly,
 Semi-Annually, or
 Annually.

Federal Regulatory Information

*The following items need to be done **only once** since the origination of the PTO CLUB.*

18. Obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS).

The EIN for the PTO CLUB is: _____

The following items may be applicable during each school year or calendar year.

19. Issue 1099 forms to applicable individuals or businesses by January 31, of each year. If 1099 forms are issued, send information to the IRS by February 28, of each year. Check the IRS web site at www.irs.gov for information on who should receive 1099's. This is only needed if you conduct a raffle and proceeds are greater than \$600.

Taking Care of Business Overview

PTO CLUBS have many responsibilities to the federal government, the state, the District, and to the students they support. Part of this responsibility is to keep accurate and updated records so that the organization may complete the necessary filing requirements with the state and the IRS. In addition, these records will help you prepare your annual Financial Report and Review Committee Report.

With this in mind, this section has been prepared to assist you in establishing a general record-keeping system and a general system of internal controls, and to guide you in preparing the Financial Report and related Review Committee Report. Establishing a good record-keeping system is an essential step in creating a successful organization.

Most of the reporting requirements of a PTO CLUB are dependent on the financial records kept; therefore, the office of PTO CLUB Treasurer is an extremely important and vital position that should not be taken lightly. Even though the Treasurer may assign certain duties to another person (i.e., Fund-raiser Chairperson – Catalog Sales), the Treasurer is ultimately responsible for assuring that all financial records are maintained accurately for the PTO CLUB.

PTO CLUB officers also have day-to-day responsibilities to the club, as well as the students they support. Some of these responsibilities include:

- Setting up a bank account properly,
- Accounting properly for fund-raiser income and expenses,
- Analyzing the outcome of each fund-raiser to determine its financial success/failure,
- Establishing and maintaining money handling procedures, and
- Becoming knowledgeable of District policies concerning using District buildings and distributing flyers.

In addition, PTO CLUBS should submit certain information to the Principal and the CSISD Business Office as soon as the information changes. This information is included on the following **PTO CLUB Information Sheet**.

PTO Club Information Sheet

Send an updated copy of this form to your School Principal and to the CSISD Business Office as new officers are elected or as information changes.

1. **Official Organization Name:** _____
2. **School Name:** _____
3. **Employer Identification Number (EIN):** _____
4. **Official Mailing Address:**
 PO Box / Street Address: _____

 City, State, Zip: _____
5. **Date of Change:** ____/____/____
6. **Current Organization Officers for the _____ School Year:**

Office Held:		
Printed Name:		
Phone Numbers:	Home:	Other:
Mailing Address:		
E-mail Address:		

Office Held:		
Printed Name:		
Phone Numbers:	Home:	Other:
Mailing Address:		
E-mail Address:		

★ *By law, information on this page is public information and must be released to the public at such requests* ★

PTO Club Information Sheet

Send an updated copy of this form to your School Principal and to the CSISD Business Office as new officers are elected or as information changes.

6. Current Organization Officers (Continued)

Office Held:		
Printed Name:		
Phone Numbers:	Home:	Other:
Mailing Address:		
E-mail Address:		

Office Held:		
Printed Name:		
Phone Numbers:	Home:	Other:
Mailing Address:		
E-mail Address:		

Office Held:		
Printed Name:		
Phone Numbers:	Home:	Other:
Mailing Address:		
E-mail Address:		

★ *By law, information on this page is public information and must be released to the public at such requests.* ★

Due Date Checklist

Due Date	Report	Due To
As soon as available	Meeting & Activity Calendar	Principal & Post for all
*April 20	State Sales Tax Return (January – March) http://www.window.state.tx.us/webfile/index.html	Copy sent to CSISD Business Office
*July 20	State Sales Tax Return (April – June) http://www.window.state.tx.us/webfile/index.html	Copy sent to CSISD Business Office
September 1 Update for any changes after that	PTO Club Information Sheet	Principal & CSISD Business Office
September 1	Year-end financial report prepared by Treasurer	Principal & CSISD Business Office
September 1	Year-end financial audit or Review Committee report	Principal & CSISD Business Office
September 1	Fundraiser information for fall fundraisers	Principal & CSISD Business Office
*October 20	State Sales Tax Return (July – September) http://www.window.state.tx.us/webfile/index.html	Copy sent to CSISD Business Office
December 1	Fundraiser information for spring fundraisers	Principal & CSISD Business Office
*January 20	State Sales Tax Return (October – December) http://www.window.state.tx.us/webfile/index.html	Copy sent to CSISD Business Office
*State Sales Tax Return: Monthly, Quarterly, Yearly (based on qualifications): 20th day of the month following the end of the reporting period.		

RELATIONS WITH PARENT ORGANIZATIONS

GE
(LOCAL)

District-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, in accordance with applicable UIL guidelines and financial and audit regulations. [See also CFD]

USE OF DISTRICT
FACILITIES

District-affiliated school-support or booster organizations may use District facilities with prior approval of the appropriate administrator. Other parent groups may use District facilities in accordance with policy GKD.

PURCHASES FOR THE
SCHOOL

Before parent groups or other groups working with the school purchase equipment for the schools, including computer hardware and software, they shall notify the principal of their plans. In consultation with the Superintendent or designee, the principal shall determine the type or brand of equipment to buy to ensure compatibility with current District equipment.

**College Station Independent School
District Day-to-Day
Responsibilities for Parent
Organizations**

1.0 General Information

- 1.1 The College Station Independent School District (CSISD), encourages the participation and involvement of parents in the education of their children. One way parents can be involved is through participation in voluntary parent organizations such as PTO's, other similar organizations and booster clubs.
- 1.2 The purpose of this section is to provide general, not specific and/or all-inclusive, tax information to principals and officers as it relates to PTO CLUBS. It is each PTO CLUB'S sole responsibility to seek competent professional tax assistance for its own tax reporting requirements. PTO CLUBS should strive to remain in good standing with all federal and state agencies.
- 1.3 The responsibility for accounting, safeguarding and disbursement of funds rests with the PTO CLUB officers. The principal may act in an advisory capacity only.
- 1.4 A parent organization may not represent the District nor bind the district or any of its employees to a third party with which the organization may conduct business.
- 1.5 All meetings of parent organizations must be public meetings.
- 1.6 Minutes of all PTO CLUB meeting should be kept in writing in the permanent record of the organization.
- 1.7 Each parent organization shall operate under bylaws and shall submit a copy to the school principal and the CSISD Business Office.
- 1.8 Property purchased with PTO CLUB funds, and donated to the school, becomes the property of the school district and should be used exclusively at the school.
- 1.9 Payment from PTO CLUB funds may not be made directly to any CSISD employees for services rendered to/for that organization.
- 1.10 PTO CLUBS funds and/or assets that are donated to a school must be coordinated with the School's principal.
- 1.11 PTO CLUBS who wish to donate funds to a school's activity funds for the benefit of the school's teachers must either write on the check that the funds are for the *General Teacher Fund* or indicate that information in a cover memo included with the check.

2.0 Tax-Exempt Non-Profit Organizations

- 2.1 All PTO CLUBS must obtain a unique Employer Identification Number (EIN) if they do not already have one. **PTO CLUBS are not permitted to use the district's EIN or its Texas Sales Tax Permit Number.**
 - 2.1.1 All PTO CLUBS should obtain federal tax-exempt status as a public 501(c) (3) charitable organization by applying for and obtaining a Letter of Determination from the Internal Revenue Service (IRS) that states the organization is tax-exempt.
 - 2.1.2 All PTO CLUBS should also file with the State of Texas to obtain an exemption from state taxes.
 - 2.1.3 If a PTO CLUB is new, the organization should apply for and receive its tax-exempt status from the IRS within one year from the date the organization is formed.
 - 2.1.4 If an organization loses its public 501(c) (3) tax-exempt status, the organization should take the necessary steps to regain the tax-exempt status as soon as they receive notification from the IRS of the loss of exemption.

3.0 Open a Bank Account

- 3.1 Once an EIN has been received, use it to open a bank account. Each PTO CLUB must have a separate bank account at a facility in proximity to the school.
- 3.2 Banks cannot open an account using a Texas Sales Tax Permit Number. Do NOT use the social security number of an officer to open your bank account.
- 3.3 A basic checking account would be the best type of account to open. Instruct the bank that **no debit or credit cards** should be issued for the bank account and that no funds should be wired from the account or transferred from this account to any other account. It would be a better control if no ATM cards were issued, either. This would prevent money from being removed without the proper Board member's approval and two authorized signatures on each check.
- 3.4 Two club officers must sign each disbursement/check. Both signers must be organization members and may **not** be school district employees.
- 3.5 The organization's **Treasurer and either Vice President or Secretary** should be authorized check signers.
- 3.6 Each monthly bank statement should be delivered to the organization's president to review and initial by him/her before it is given to the Treasurer to be reconciled.
- 3.7 Each month the Treasurer should present a financial report, bank statement and bank reconciliation to the principal and the Board for their review.

4.0 Sales Tax

- 4.1 PTO CLUBS all need to apply for a sales tax permit if they will be selling any taxable items as fundraisers. They also need to download a sales tax report from the Comptroller's web site and file it as instructed on the form.
- 4.2 Sales taxes are due to the State and must be collected when taxable items (i.e. wrapping paper, candles, etc.) are sold to others. Sales taxes are due regardless of whether a PTO CLUB has obtained tax-exempt status from the IRS and regardless of whether sales taxes were charged as part of the sales price when the items were sold.
- 4.3 If a PTO CLUB has obtained an exemption from the State for Texas sales and use taxes, it simply means that the PTO CLUB can **purchase** items for the organization's exclusive use or for resale (once the items are sold, they are taxable) without paying sales taxes.
- 4.4 There is a requirement to file at least one sales tax report per calendar year with the State Comptroller's office. The State Comptroller will inform the PTO CLUB after filing their first sales tax report if sales taxes must be remitted more frequently (based on taxable sales in one year). The State Comptroller's office will generally mail the required reporting forms and information to a PTO CLUB after it has obtained a Sales Tax Permit.
 - 4.4.1 If a PTO CLUB has a Sales Tax Permit, the State requires that a sales tax report be filed annually even if the PTO CLUB **did not sell anything taxable** (zero sales tax report).
 - 4.4.2 The sales tax report can be completed online, if preferred, by going to the State Comptroller's website. Select either "File Tax Due" or "File No Tax Due" (zero tax report). <http://www.window.state.tx.us/webfile/salestax.html>
 - 4.4.3 Annual sales tax reports are due January 20th each year.
- 4.5 PTO organizations are treated differently by the IRS than BOOSTER CLUBS when it comes to tax exemptions. Because PTO's benefit all students, they are allowed to apply for state tax exemption before they receive 501(c)(3) status. They can do this by completing and mailing the AP-204 form on the Comptroller's web site. There is no fee to apply and this form serves as your application for exemption from sales and franchise tax. After receiving this state exemption, PTO's are also allowed two one-day tax-free days per **calendar year** (Jan. – Dec) A one-day tax-free day is a day an organization can sell taxable items and not have to collect or remit the normal sales taxes due to the State.

- 4.6.1 In order to be fair to those taking over the next year, it is recommended that PTO CLUBS use one of these tax-free days during the fall semester and one in the spring semester (unless the nature of a particular PTO CLUB is to have all fundraisers in the same semester). That way next year's PTO CLUB still has one tax-free day left for that calendar year. It is important to communicate this information to next year's officers.
- 4.6.2 The criteria for a one-day tax-free sale have to do with when possession of the items sold goes from the PTO CLUB (which is tax exempt) to the buyer (who is not tax exempt). Orders and/or collections could be taken over an extended period before delivery is made. The delivery just has to be conducted on one 24-hour day (the tax-free day).

5.0 Responsibility Guidelines

- 5.1 The responsibility for the proper collection, disbursement, and safeguarding of all money and all other PTO CLUB assets and the proper reporting of each PTO CLUB'S activities to the Internal Revenue Service, State Comptroller, and to the College Station ISD rests solely with each PTO CLUB'S officers, jointly and severally, not the school district or any of its employees.
- 5.2 Principals should encourage the use of PTO CLUB funds in manners that benefit all students.
- 5.3 The commingling of PTO CLUB money with school money is not permitted.
- 5.4 School employees may not accept loans of funds from PTO CLUBS.
- 5.5 Incoming officers should never accept financial records from the prior officers without having them audited or reviewed by a Review Committee.
- 5.6 Each PTO Club should select a qualified individual or a Review Committee of members independent of the financial activities to conduct annual review, which must be used to permanently maintained in the organization's records with a copy provided to the school principal and the school district's Internal Auditor.
- 5.7 A PTO CLUB should be absolutely sure it has or will have the money necessary to meet its financial commitments. A PTO CLUB does not have the authority to commit or to represent in any way that the College Station ISD is responsible for any of its obligations in the way of paying bills and/or fulfilling any other agreement.
- 5.8 PTO CLUBS may seek competent tax and legal advice on their own and at their expense on an as needed basis to assist and to advise them on legal and tax matters.
- 5.9 Each PTO CLUB must complete the "PTO CLUB Information Sheet "annually and send to the school principal and the district Business Office.
- 5.10 Each PTO CLUB should publish a calendar of scheduled meetings, both Board meetings and general membership meetings, at the beginning of the school year. This will allow all members to reserve meeting dates and should increase attendance and participation. As soon as dates are selected for fundraisers and other activities, these should be added to the calendar.

6.0 Officer Duties

- 6.1 Listed below are general duties of the **president** of a parent organization.
- 6.1.1 Oversee the Review Committee or external person who will audit/review the financial record at year-end.
 - 6.1.2 Review the year-end audit and ensure that all questions are answered by the Treasurer before records are turned over to the new officers.
 - 6.1.3 Provide copies of the year-end audit to the school principal and the CSISD Business Office no later than September 1.
 - 6.1.4 Ensure a year-end financial report is prepared by the Treasurer and presented to the organization's Board, with copies to the school principal and the district Business Office, no later than September 1.
 - 6.1.5 Responsible for all financial affairs of the organization and associated reporting thereof including any duties that may be delegated.
 - 6.1.6 Review monthly bank statement **before** it is given to the Treasurer to be reconciled.
 - 6.1.7 Submit all fund-raiser requests to the principal for his/her approval no later than September 1 of the fall semester and December 1 for the spring semester.
 - 6.1.8 Preside at all meetings of the Directors.
 - 6.1.9 Coordinate the work of the directors and/or committees in order that the organization's objectives may be promoted.
 - 6.1.10 Coordinate the work so that the necessary reports are timely made to the appropriate state and Federal agencies.
 - 6.1.12 Ensure annual audit, or Review Committee review, is performed.
 - 6.1.13 Perform such other duties as deemed necessary by the Directors.
- 6.2 Listed below are general duties of the **vice-president** of a parent organization.
- 6.2.1 Assume the duties of the President in the event of the President's inability to serve or resignation.
 - 6.2.2 Chair organization committees.
 - 6.2.3 Maintain a roll of all members of the organization.
 - 6.2.4 Co-sign organization checks.
 - 6.2.5 Perform such other duties as deemed necessary by the Directors.

- 6.3 Listed below are general duties of the **secretary** of a parent organization.
- 6.3.1 Record the minutes of all meetings of the Directors, and furnish a copy of such minutes to the president within one (1) week following the meeting.
 - 6.3.1 Coordinate all correspondence relating to the organization.
 - 6.3.2 Catalogue and supervise the property of the organization.
 - 6.3.3 Publish all notices of meetings or other matters.
 - 6.3.4 Co-sign organization checks as needed.
 - 6.3.5 Perform such other duties as deemed necessary by the Directors.
- 6.4 Listed below are general duties of the **treasurer** of a parent organization.
- 6.4.1 Maintain financial records (keep an accurate record of receipts and expenditures).
 - 6.4.2 Prepare the budget and provide financial reports to the Board monthly and at other times as requested.
 - 6.4.3 Receive all funds for the organization and promptly deposit money in a bank designated by the Directors.
 - 6.4.4 Pay out funds with proper approval and documentation in accordance with the approved budget.
 - 6.4.5 Be an authorized signer on the bank account.
 - 6.4.6 Establish good accounting procedures.
 - 6.4.7 Establish permanent file for financial related records.
 - 6.4.8 Present a year-end financial report to the Board with copies to the school principal and CSISD Business Office no later than September 1.
 - 6.4.9 Cooperate with Review Committee or person assigned to audit/review financial records at year-end.
 - 6.4.10 Turn over all financial records to the new treasurer when the last bank statement is received in August or by September 1.
 - 6.4.11 Perform such other duties as deemed necessary by the Directors.

7.0 Accounting Procedures

- 7.1 Accounting records should be limited at all times to only those persons whose duties require access.
- 7.2 There should be written instructions on the recording of accounting transactions, preferably in the organization's by-laws.
- 7.3 The PTO CLUB'S books should be reconciled to the bank statement monthly.
- 7.4 There should be adequate separation of duties for as many of the following duties as possible:
 - 7.4.1 Cash receipting.
 - 7.4.2 Cash disbursements.
 - 7.4.3 Authorization of disbursements.
 - 7.4.4 Accounting records and entries.
 - 7.4.5 Bank statement reconciliation.
 - 7.4.6 Deposits.
 - 7.4.7 Petty cash fund.
 - 7.4.8 Receiving purchased goods.
- 7.5 Bank statements should be mailed to the official mailing address of the PTO CLUB, not the home of a PTO CLUB member. This could be the school's address or a PO Box.
 - 8.5.1 The PTO CLUB president should review the bank statement **before** it is given to the Treasurer to be reconciled monthly.
- 7.6 Monthly, the Board should receive a financial report prepared by the Treasurer, plus a copy of the bank statement and the bank reconciliation. The Board should set time aside at each meeting to review these reports and ask the Treasurer to clarify things they do not understand. It is very important that this is done monthly. Missing one month's review would require a much longer meeting in the following month just to cover the financial report.
- 7.7 **CASH RECEIPTS**
 - 7.7.1 Multi-part Cash Receipts should be written for all money received. One copy should be given to the payee and another copy maintained in the Cash Receipt book. A third copy (if available) should be attached to any deposit documentation and filed with a copy of the deposit slip. These procedures may change if you use an online receipting system.

- 7.7.2 All copies of voided cash receipts should be retained in the cash receipts book.
- 7.7.3 The cashing of checks out of cash receipts or petty cash should be prohibited.
- 7.7.4 Incoming checks should be restrictively endorsed immediately upon receipt with an endorsement stamp that has the PTO CLUB'S name, the bank's name, and the bank account number.
- 7.7.5 Any monies received should be deposited promptly. Money received in a school can be secured in a locking bank bag and locked in the school safe until it can be deposited. Money stored in the safe should not be held over weekends or school holidays.
- 7.7.6 Money collected should not be spent for needed items, but deposited. Checks should be written for all items purchased.
- 7.7.7 Receipt numbers and/or range of receipt numbers should be written on all deposit slips.
- 7.7.8 The bank validated deposit slip should be returned to the treasurer to verify each deposit.
- 7.7.9 All monies received for deposit should be counted and receipted in the presence of the individual turning in the money.
- 7.7.10 All checks for deposit should be listed separately on a deposit slip or supported by an adding machine tape. A minimum of two adding machine (calculator) tapes should be run to ensure accuracy. A good practice is to write the number of checks deposited on the deposit slip when the checks are too numerous to list.
- 7.7.11 Post-dated checks should never be accepted. A post-dated check is a check that has been dated after the date the check is given to the payee.
- 7.7.12 Returned checks should be redeposited immediately or otherwise promptly collected. Only accept cash or a cashier's check in repayment for a returned check.
- 7.7.13 Remember to add the bank charge for returned checks to the amount you request as repayment when a check "bounces". Ex: A check for \$10 is returned. The bank fee is \$30 for returned checks. You should request \$40 from the payee to cover this returned check.
- 7.7.14 When notified by the bank of a returned check, a phone call from the Treasurer or the President to the payer is the quickest way to notify them of their "bad check" and request their repayment. If they do not repay within one-to-two weeks, send a letter notifying them of the returned check and requesting repayment. Repeat with a sterner letter if payment is still not made in a timely manner. Remember to document all collection efforts and keep a copy of all notes and letters you mail requesting payment.

7.7.15 Accounting entries for each returned (hot) check should be made upon receipt of the returned check from the bank.

7.8 CASH DISBURSEMENTS

7.8.1 All unused checks should be kept safe and secure at all times.

7.8.2 Checks should never be pre-signed.

7.8.3 "Blank" checks should never be issued.

7.8.4 The sequence of check numbers should be accounted for when reconciling the bank statement to the books.

7.8.5 Issuing checks to the order of *Cash* should be prohibited.

7.8.6 Original invoices or cash register tapes should be attached to the file copies of all checks as support for the payment. If several invoices or register tapes are submitted for reimbursement, an adding machine tape should be run and attached. This total should agree to the check total.

7.8.7 Boards should include in their By-Laws the approvals required for check disbursements and the steps to follow when members submit receipts for reimbursement.

8.0 Fundraising

8.1 All fundraisers must be submitted to the school principal for approval prior to being scheduled by a parent organization.

8.2 The school principal will set the number of fundraisers allowed by each parent organization on his/her campus.

8.3 Fundraiser information should be submitted to the principal no later than September 1 for the fall semester and December 1 for the spring semester. Requests not submitted by these dates may be discussed with the principal, but may not receive approval for preferred dates or fundraiser items if those have already been granted to another parent organization.

8.4 After the fundraiser is over, completing a Financial Recap within two weeks is a helpful way to determine if the fundraiser was profitable.

8.5 Any items unsold after the fundraiser is completed should be inventoried and monitored by one of the officers.

8.6 PTO Clubs that are tax-exempt organizations may not require individuals to participate in its fundraising efforts even though those individuals, or their children/students, may benefit from those efforts.

8.7 These organizations may not require individuals to "donate" or otherwise pay any money in lieu of participation in fundraising efforts.

8.8 If an individual chooses not to participate in fundraising, that individual, or their child/student, may not be denied any benefit resulting from the funds raised nor can that individual be penalized for choosing not to participate.

8.9 Benefits resulting from fundraising efforts may not be based on participation in fundraising efforts or on revenues raised individually. All revenues raised must be shared equally among the group regardless of individual fundraising efforts.

Ex: School Spirit PTO is having a fundraiser to help pay for a field trip. The trip costs \$5,000 for 100 students, or \$50 per student.

Only 75 of the 100 students participate in fundraising. A total of \$1,500 is raised by these 75 students, and each student raised a different amount. The \$1,500 must be allocated equally among all 100 students (\$15/student), and the remaining \$3,500 cost of the trip will be born equally by all 100 students (\$35/student).

8.10 The IRS considers fundraiser proceeds that are credited to individual student accounts to be personal taxable income to the student and/or student's family.

8.11 One benefit of tax-exempt status for a parent organization is that individual donations will be deductible by the donor as charitable contributions. These donations are not deductible if the funds were recorded in individual accounts.

8.12 Parent organizations that use individual accounts can lose their tax-exempt status since they no longer meet the criteria set forth in IRS Publication 557 for non-profit organizations, "No part of the net earnings of the organization shall inure to the benefit of, or be distributable to, **its members, trustees, officers or other private persons ...**"

Financial Report Information & Formats

The Treasurer should prepare a written PTO CLUB Financial Report at least on an annual basis and present it to the PTO CLUB Board. The Financial Report should include:

- Name of school, name of PTO CLUB, and the time period covered in the report.
- Actual revenues and expenditures for the reporting period. The current year report should start at the point in time where the prior year report ended. For example, if the 2012-13 report ended on July 31, 2012, then the 2013-14 report will begin as of August 1, 2013.
- It is helpful to provide a breakdown of the source of revenues and reason for expenditures.
- Name, title, and signature of person who prepared the report.
- Date the report was prepared.

The PTO CLUB may want the time period used for reporting purposes to coincide with the school year and with the election of new officers.

The following examples of Financial Reports are included in this section:

- **Type 1** - This example is a cash basis financial report that includes the beginning and ending cash balances for the year. Money received is usually shown as income and money paid is usually shown as an expense.

The beginning cash balance for the current year should agree to the ending cash balance from the prior year.

Type 1 report format is the simplest to prepare.

- **Type 2** – This example is an accrual basis financial report that includes assets, liabilities, equity, income, and expenses. This report would include the cash transactions, but would also show amounts to be received or amounts to be paid in which money has not yet been exchanged, prepayments of expenses that have not yet been incurred, or receipt of amounts in which income is not yet recognized.

The retained earnings amount should agree to the total equity amount from the prior year.

- **Type 3** – These statements (Fundraising Summary Statement and an Activity Summary) were prepared by a PTO Treasurer who's Board really liked the detail these statements provided about fundraisers, revenues and expenses. This type of statement helps simplify preparation of the IRS Form 990.

**XYZ Elementary School PTO CASH
BASIC FINANCIAL REPORT from
August 1, 2012 through July 31, 2013**

Beginning Cash Balance as of August 1, 2012 \$2,235.46

INCOME

Memberships Dues	\$2,875.00
Yearbook Sales	\$5,625.00
Wrapping Paper Sales	\$19,502.25
Entertainment Book Sales	\$19,540.00
School Store Sales	<u>\$3,569.50</u>

Total Income \$51,111.75

EXPENSES

Yearbooks	\$3,589.10
Wrapping Paper	\$11,701.35
Entertainment Books	\$9,770.00
Miscellaneous Expenses	\$ 650.77
Postage	\$ 356.29
Field Trips	\$2,355.77
School Store Items	\$2,645.00
Field Day	\$684.75
Printers for Computer Lab	\$1,500.00

Total Expenses \$44,456.53

Net Income (Loss) for Current Year \$6,655.22

Ending Cash Balance as of July 31, 2013 \$8,890.68

Cash Basis Financial Report prepared by:

Printed Name	Title
Signature	/ / Date

XYZ Elementary School PTO
BALANCE SHEET
as of July 31, 2013

ASSETS

Citi Bank Checking Account	\$2,154.25	
Citi Bank Savings Account	\$5,112.77	
Accounts Receivable	<u>\$3,758.00</u>	
TOTAL ASSETS		<u>\$11,025.02</u>

LIABILITIES & EQUITY

Liabilities		
Accounts Payable - Catalogs	\$3,524.75	
Accounts Payable - Cookie Dough	\$1,500.00	
Total Liabilities		\$ 5,024.75
Equity		
Retained Earnings	\$1,135.12	
Net Income (Loss) From Current Year	<u>\$4,865.15</u>	
Total Equity		<u>\$ 6,000.27</u>
TOTAL LIABILITIES & EQUITY		<u>\$11,025.02</u>

Balance Sheet and Income Statement prepared by:

Printed Name	Title
Signature	/ / Date

**XYZ Elementary School PTO
INCOME STATEMENT
For the Period of
August 1, 2012 through July 31, 2013**

INCOME

Catalog Sales	\$9,129.18	
Cookie Dough Sales	\$2,300.00	
School Store Income	\$ 770.00	
Membership Dues	\$2,000.00	
Interest Income	\$ <u>38.00</u>	
Total Income		\$14,237.18

EXPENSES

Catalog Sale Expense	\$3,752.68	
Cookie Dough Expense	\$1,388.13	
School Store Expenses	\$ 600.00	
Field Trips	\$ 770.00	
Postage	\$ 32.66	
Supplies	\$ 328.56	
Contribution to the School	<u>\$2,500.00</u>	
Total Expenses		\$ <u>9,372.03</u>

Net Income (Loss) For Current Year **\$ 4,865.15**

**PTO Activities
Summary**

Type 3

XYZ Elementary

Page 1 of 2

7/31/2013

	REVENUES	EXPENSES	NET PROCEEDS	NOTES
Opening Balance	\$ 21,052.00			Surplus from previous year
Fundraising				
Fall Fundraiser				Held in Sept., Ave 11+ items sold per student
Cookie Dough	\$ 81,023.00	\$(45,584.00)	\$ 35,439.00	Approx 580 students participated Also gave \$1800 donation to Red Cross
Spring Fundraiser	\$ 33,347.00	\$(16,881.00)	\$ 16,466.00	March Catalog Sale
Catherine Beich Breakfast with Santa	\$ 5,510.00	\$ (1,028.00)	\$ 4,482.00	Breakfast & Raffle of donated items grouped
Membership Drive	\$ 1,595.00		\$ 1,595.00	\$5 per family
Spaghetti Supper	\$ 1,252.00		\$ 1,252.00	\$2 per student participating
Logo Sales	\$ 1,389.00	\$ (1,064.00)	\$ 325.00	Sold @ Back to School Night
PTO Sponsored Events				
		\$		Not necessarily fundraising, we just try to at least break even
Yearbook	\$ 15,053.00	(13,465.00)	\$ 1,588.00	Price books @ \$1 above est. cost
Donuts w/Dad	\$ 1,244.00	\$ (1,123.00)	\$ 121.00	Held in October
Directory	\$ 473.00	\$ (295.00)	\$ 178.00	Sold for \$1 each to cover printing
Muffins w/Mom	\$ 1,305.00	\$ (1,065.00)	\$ 240.00	Held in April
School Supply Kits	\$ 17,087.00	\$(16,318.00)	\$ 769.00	364 Sold
Other Contributions	\$ 166.00		\$ 166.00	Individual Donations, Krogers
Other Expenses		\$ (466.00)	\$ (466.00)	PTO Expenses, paper, bank fees, memberships
Total	\$159,444.00	\$(97,289.00)	\$ 62,155.00	
Net Funds Available for Distribution			\$ 83,207.00	Opening Balance plus Net Proceeds

Charitable Distributions

AR Carnival	1,899		Moonwalks, Games & Supplies
Art Department	2,000	\$ 2,000.00	Art Supplies
Donations to School	20,500		\$20,000 for library, \$500 for counselor
Equipment	2,483	\$ 2,483.00	See Below Field
Trip Bus	1,500		For 2 guest
4th Grade Program	1,085	\$ 1,085.00	Cookies & T-Shirts
Kindergarten Fun Day	249	\$ 249.00	Moonwalk
Misc. Distributions	861	\$ 861.00	Recognition Awards Etc
Nurse's Supplies	158	\$ 158.00	Thermometer
XXHS Operation Graduations	250	\$ 250.00	Donation to CSHS
Snack Request	152	\$ 152.00	Dad's Play Day, Popcorn
Staff Christmas Lunch	1,019	\$ 1,019.00	Luncheon
Teacher Appreciation-Spring	3,618	\$ 3,618.00	Gift Bags
Teacher Appreciation-Fall	2,827	\$ 2,827.00	\$50 each teacher
Weekly Readers/Scholastic Readers	2,894	\$ 2,894.00	F1st thru 4th grade
		-	
Total Charitable Distributions	41,495		

Funds Remaining - PTO Balance at 7/31/2013

41,712

Opening Balance 8/31/13

41,712

Financial Activities

Back to School Breakfast
 Nine Week Luncheons
 Dad's Play Day Volunteers
 Principal's Breakfast Volunteers
 Popcorn for Perfect Attendance
 Parent Night/Meet the Teacher
 Freedom Day Volunteers
 Teacher Birthdays
 School grounds beautification

Detail of Equipment

1st playground sand box
 2nd dictionaries
 3rd pencil sharpeners
 4th overhead timers
 PPCD - shelves, computer desk
 Music - fabric for freedom day flag
 PE - laser printer
 paint and supplies for teacher's lounge

Review Committee Report Information & Formats

The District highly recommends that each PTO CLUB have an organizational committee conduct an annual review of the organization's Financial Report and the related financial activity for the school year. The review committee includes officers and organization members; however, the committee should have at least one non-officer member review the information. The organizational review committee, should prepare a written Review Committee Report that communicates the results of the review to the organization. This report should be presented to the PTO CLUB board, the School Principal and the CSISD Business Office on an annual basis no later than September 1 for the prior school year.

IMPORTANT

- The Treasurer, **should not** be on the Review Committee. **Since they are reviewees, they cannot also be the reviewers.** However, they may meet with the committee to explain their records or answer questions.

An Review Committee should use the examples of Review Committee Reports included on the next few pages. However, an external party should show the results of the review in their own report format with their signature and date included. Although the examples included show space for four (4) members, the Organization may have more or fewer committee members. However, the same information must be documented for **each committee member** (*as opposed to the group as a whole*), regardless of the size of the committee.

The PTO CLUB Review Committee Report examples include:

- **Option A - Review was performed with no exceptions noted;** therefore, the Financial Report appears proper and correct.
- **Option B - Review was performed with immaterial exception(s) being noted.** The Financial Report was either corrected or exceptions did not have a material effect. Except for these minor exceptions, the Financial Report appears proper and correct.
- **Option C - Review was performed with material exception(s) being noted.** Because of the material exception(s), the Financial Report is not proper and correct.

In some instances, due to material exception(s), the committee may not be able to determine whether the Financial Report is proper and correct. When this situation occurs, the committee may state that the status of the Financial Report could not be determined because of material exception(s).

Suggested Review Committee Guidelines

The following suggested guidelines are designed to assist the PTO CLUB Review Committee in conducting a thorough review of the PTO CLUB'S Financial Report and the financial activity for the applicable school year.

- Have the Treasurer prepare the written report of revenues and expenditures (Financial Report) for your PTO CLUB. The report should include information for the **full applicable year**.
- The review must cover the period beginning with the reconciled cash balance from the previous written Financial Report and ending with the reconciled cash balance from the last day of the time period reported by the PTO CLUB. If the PTO CLUB is using a retained earnings account, then the beginning retained earnings should equal the prior year's ending retained earnings balance.
- Review the reconciled bank statements and canceled checks to determine that:
 1. Disbursements have been properly documented with an invoice or receipt,
 2. Disbursements have been properly approved,
 3. Checks have been properly signed by two authorized signers,
 4. Checks have been deposited or cashed by the payee indicated and that no information on the face of the check has been altered, and
 5. Checks have been accounted for in the proper sequence (no missing checks).
- Check addition and subtraction on cash receipts and deposits.
- Compare cash receipts and deposits to the bank statement. Note if there is a delay from the time the checks were written until they are deposited.
- Verify that receipts and disbursements were recorded to the correct account category.
- Review the Treasurer's monthly reports and check them for accuracy. Review the beginning and ending balances on reports to verify that correct ending balances were carried forward as beginning balances on subsequent reports.
- Determine that only applicable PTO CLUB officers are authorized signers on the bank account(s). Former officers should not remain on the account(s) as authorized signers. **In addition, the Principal, the Principal's Secretary, or the Financial Secretary can not be an authorized signer on the PTO CLUB'S bank account(s). Other District employees also can not be authorized signers on the PTO CLUB'S bank account(s)**
- Obtain proof that all applicable sales tax reports were submitted to the Texas State Comptroller's Office and that the related taxes were paid.

- Determine which two fund-raisers were chosen to be the “one-day, tax-free” sales/auctions, if applicable. **Only PTO CLUBS that have received a tax-exemption from the Texas State Comptroller’s Office are allowed two (2) “one- day, tax-free” sales/auctions per calendar year.**
- Review the tax-exempt status of the PTO CLUB to determine that the organization has received and maintained its federal tax-exempt status as a public 501(c)(3) charitable organization or other tax-exempt status deemed by the IRS.
- Determine that a tax-exempt PTO CLUB has not used individual accounts, which credit funds raised to individual students or parents.
- Verify that 1099s were issued, if applicable. In general, you may have to issue a 1099-MISC (Miscellaneous Income) for each person to whom you have paid at least \$600 in rents, services, prizes & awards, attorney fees, and other similar situations **within a calendar year**.
- ***Example:*** XYZ Elementary PTO CLUB hires a consultant during the spring of the 2010-11 school year for a \$300 fee. The consultant is hired again in the fall of 2011-12 school year for a \$300 fee. The PTO CLUB should issue a 1099-MISC form to this person since the total paid within the 2011 **calendar** year is \$600.

After the review is complete, prepare the applicable Review Committee Report (**only one** report type may be used per review):

Option A	No Exceptions (i.e., errors, irregularities)	Financial Report appears proper and correct
Option B	Immaterial Exceptions	Financial Report appears proper and correct, except for some immaterial exceptions
Option C	Material Exceptions	Financial Report does not appear proper and correct because of material exception(s) or Financial Report status cannot be determined because of material exception(s)

Review Committee Report Information & Formats

- If exceptions are noted during the review, consult with the organization's Treasurer and President (if necessary) to resolve the exception(s). The Treasurer is responsible for making any corrections to the records, checkbook, and Financial Report.
- If material exceptions have been noted, prepare recommendations to prevent the future occurrence of these exceptions.
- The organization's Treasurer and President are responsible for acting upon the recommendations made by the PTO CLUB Review Committee.
- Retain the **original** written PTO CLUB Financial Report and the **original** PTO CLUB Review Committee Report on file with the Treasurer of the PTO CLUB.

Review Committee Report Information & Formats

Option A
Page 1 of 1
(Proper & correct with no exceptions)

**XYZ Elementary PTO CLUB REVIEW
COMMITTEE REPORT
FOR THE TIME PERIOD
August 1, 2012 through July 31, 2013**

The Review Committee members named below have reviewed the attached Financial Report and related financial activity for the time period of August 1, 2012 through July 31, 2013, in detail. These members agree that the Financial Report and the related financial activity are proper and correct to the best of their knowledge. **No exceptions were noted during the review.**

_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date

Note: If a reviewer is a non-officer, their title (second column) should be "Member".

Review Committee Report Information & Formats

Option B
Page 1 of 1

(Proper & correct with immaterial exceptions)

**XYZ Elementary PTO CLUB REVIEW
COMMITTEE REPORT
FOR THE TIME PERIOD
August 1, 2012 through July 31, 2013**

The Review Committee members named below have reviewed the attached Financial Report and the related financial activity for the time period of August 1, 2012 through July 31, 2013, in detail. These members agree that the Financial Report and the related financial activity are proper and correct, except for the following exceptions:

- Check #12586 cleared the bank for \$25.20 instead of \$2.52.
- Check #12688 did not have 2 authorized signatures as required by the PTO CLUB bylaws. The check only contained 1 authorized signature.
- The Supply Expense account contains six expenses that did not have the related invoices as documentation for the expense. The undocumented expenses totaled \$42.87.

_____	_____	_____	____/____/____
Printed Name	Officer Title/Member	Signature	Date
_____	_____	_____	____/____/____
Printed Name	Officer Title/Member	Signature	Date
_____	_____	_____	____/____/____
Printed Name	Officer Title/Member	Signature	Date
_____	_____	_____	____/____/____
Printed Name	Officer Title/Member	Signature	Date

Note: If a reviewer is a non-officer, their title (second column) should be "Member".

Review Committee Report Information & Formats

Option C
Page 1 of 2

(Not proper or correct due to material exceptions)

XYZ Elementary PTO CLUB REVIEW COMMITTEE REPORT FOR THE TIME PERIOD August 1, 2012 through July 31, 2013

The Review Committee members named below have reviewed the attached Financial Report and related financial activity for the time period of August 1, 2012 through July 31, 2013, in detail. These members agree that the Financial Report and the related financial activity are not proper and correct, due to the following material exceptions:

- No documentation of cost existed for the 100 new books purchased.
- Checking and savings accounts were not reconciled during the year.
- Only one (1) authorized signature appeared on all checks written instead of the two (2) required authorized signatures as indicated in the PTO CLUB bylaws.
- No documentation exists for the Christmas Cards sale to determine whether the amount recorded in the Financial Report is correct.

To prevent the above exceptions from occurring in the future, the following steps should be taken:

- Documentation of all expenses, such as an invoice, should be received prior to payment of expense. Documentation should be kept with the other PTO CLUB records.
- All bank accounts should be reconciled on a monthly basis.
- All checks issued should be signed by at least two authorized officers.
- For all fund-raisers, a record should be kept of the sales and the money deposited.
- All payments should be approved, per the By-laws, before checks are prepared.

Review Committee Report Information & Formats

Option C
Page 2 of 2

(Not proper or correct due to material exceptions)

**XYZ Elementary PTO REVIEW
COMMITTEE REPORT
FOR THE TIME PERIOD
August 1, 2012 through July 31, 2013**

_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date
_____ Printed Name	_____ Officer Title/Member	_____ Signature	_____ / / Date

Note: If a reviewer is a non-officer, their title (second column) should be "Member".