



Gaston County Schools

PTA, PTO, and Booster Club

Organization Reference Booklet

PTA, PTO, and Booster Club
Organizational Reference Booklet

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I. General Information

Listed below are some of the main types of organizations a school may have.

1. PTA- Parents/Teachers Association- This is the normal title used for a Parent/Teacher Group who belongs to the National Parents/Teachers Association. Once your PTA is formed, you will need to submit dues (state and national portions only), bylaws, and other required information to state PTA office or designated state PTA office.
2. PTO- Parents/ Teachers Organizations- This is the normal title for parents/teachers groups who are not a part of the national association, choose to remain independent, and have been approved by the IRS for preferential tax treatment by qualifying with a tax-exempt status. This preferential treatment is obtained by filling Form 1023 (IRS) and Form BR (NCDOR). PTOs are free to write their own bylaws, and they can or cannot charge dues.
3. Parent-Teacher-Student Associations- PTSAs actually provide youth members with the opportunity to make a difference by developing leadership skills, learning about the legislative process, increasing their self-esteem, and contributing to the school. In turn, adult members gain a new perspective for program development, as well as acquire a better understanding of the youth of today.
4. Booster Clubs- Booster Clubs are commonly established at middle and high schools in support of the athletic/art programs. The booster club can be a committee of the PTA/PTO or a separate organization. IF the booster club is a committee of the PTA/PTO, the record keeping will fall under the PTA/PTO's responsibility. If the booster club is separate from the PTA/PTO, it will need to be properly established as an organization under section 501 (c) (3) or as a supporting organization under section 509 (a) (3) of the IRS code.

II. Should you file for Non-Profit Status?

What are the pros and cons of filing for non-profit status?

The pros:

- Well-organized with guidelines and structure
- Exempt from paying Federal Income Tax (but must file tax forms)
- Exempt from unemployment taxes
- Donations and in-kind gifts are tax deductible for donors
- Become eligible for bulk mailing permits/rates
- Grant monies are available more to non-profit groups
- Some commercial businesses give advantages to non-profit groups
- A 501 (c) (3) status lends to the credibility of an organization

The cons:

- 501 (c) (3) approval process is rigorous
- It costs several hundred dollars to file
- You are restricted as a 501 (c) (3). (IRS limits political activism, legislative activity, business activity that is unrelated to the organization, and other activities.)

III. Conditions for Establishing Parent Organizations

1. All Gaston County Schools use the same Federal tax id number when setting up a bank account. Organizations should have a separate tax id number that is different than Gaston County Schools' tax id number. If they are established under Gaston County Schools' tax id number then the funds are considered part of the school's and should be deposited into the school's checkbook and treated as such.

2. Parent organizations, including PTAs, PTOs and booster clubs, are not considered a part of the school district. However, because the organizations and their activities reflect upon the school district, all parent organizations must accept the following conditions in order to operate on behalf of the schools.
 - a. All parent organizations must provide the Superintendent with a document describing the purpose of the organization and the general rules and procedures by which it will operate. Any modifications also must be shared in writing with the Superintendent.
 - b. Parent organizations must obtain prior approval from the principal for (1) any fund-raising event, (2) any purchase for the school, (3) any function involving the participation of students, and (4) any event which is likely to reflect upon the school or school district.
 - c. Parent organizations are responsible for maintaining their own financial records. Employees of the school are not permitted to routinely manage the affairs of parent organizations during the workday.
 - d. All social media or crowd funding campaigns (ie. Gofundme.com, DonorsChoose.org, and others) that use Gaston County Schools, a school name, or information regarding individuals schools must secure advance written approval from the Principal.

3. The Superintendent will approve the establishment of parent organizations. Parent organizations that, after assistance from school officials, are unable to meet board policies will be disapproved by the Superintendent.

IV. Standard Organization Requirements

1. Whatever organization you are, the organizational establishment procedures and record keeping are the same (with exception of registering with a national group). PTA, PTO, and Booster Clubs are considered nonprofit organizations under Internal Revenue Code section 501 (c) (3). A 501 (c) (3) organization is allowed to receive tax deductible contributions.
2. The organization must:
 - a. Be incorporated under North Carolina incorporation rules
 - b. File for Internal Revenue Service exempt registration.
 - c. Obtain both federal and state ID numbers.
3. Booster Clubs must be careful to engage only in activities such as directing and controlling interscholastic athletic competition, conducting tournaments, and prescribing eligibility rules for contestants. If not so engaged in this type of activity, your organization may be exempt as a social club 501 (c) (7) and require to pay income taxes. The 501 (c) (7) IRS exemptions disallow deductible contributions as well.
4. The Organization will need to establish By-Laws and levels of committees. The levels of committees might be executive committee and sub committees including, but not limited to, fund-raising, beautification, hospitality. The school's principal or principal designee is to be a member of all committees, but should not be an officer of the organization. It is very important to keep the principal aware of the activity and to keep everyone together on the mission of the PTO, PTA, or Booster Club. "Robert's Rules of Order" should also be incorporated in the By-Laws.
5. According to the PTO website, "Volunteer programs vary widely from school to school. Some schools focus on tutoring programs, while others concentrate on parent leadership and classroom assistance. Some schools are rich with individuals and groups from the community, while others have a smaller number of dedicated individuals. All schools use volunteers in a variety of ways. As family and community participation in schools increases for the benefit of students, schools are recognizing that volunteer efforts need structure and support to make that participation effective. Volunteers need to be recruited, screened, scheduled and trained. We also need to match their interests and abilities to actual needs of students and staff. Ongoing communication with volunteers is essential as well as efforts to recognize and show appreciation for the services and support our volunteers provide. The real and potential benefit of volunteer programs to students is clear to most schools. However, our experience shows that teachers and administrators are not able to provide the necessary level of oversight and coordination for more than a few volunteers given their other responsibilities."
6. It is recommended that the official legal name of your organization not start with the name of the school. It is preferred that the legal name be similar to the ones listed below.
 - The PTA of ABC School
 - The PTO of ABC School
 - The Athletic Booster Club of ABC School

V. Taxation and Nonprofit Organizations

State Income Tax Exempt Status

1. An organization must be issued a letter of tax exemption from the North Carolina Department of Revenue before it is exempt from state income taxation. Entities that desire a tax status ruling should make a request by letter accompanied by a copy of the Bylaws, Constitution, or other organizational documents. To qualify for tax exempt status, the organization's Constitution, Bylaws, or Articles of Incorporation must include the following provisions:
 - a. Entity is organized exclusively for one or more of the purposes specified in section 501(c)(3) of the Internal Revenue Code of 1986 or any successor section, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code of 1986.
 - b. No part of the net earnings of the organization shall inure to the benefit of its members, directors, officers, or other persons except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization.
 - c. In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations with similar purposes which are exempt as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986.
 - d. Send the Department of Revenue a copy of your Bylaws, Constitution, or other organizational documents and a copy of your Federal Determination Letter (if you have one). These documents should be sent to:

North Carolina Department of Revenue
Taxpayer Assistance Division
Corporate Tax
Post Office Box 25000
Raleigh, NC 276400001

2. Federal Income Tax Exempt Status (501(c)(3) Exemption)
 - a. Form 1023 is filed by organizations to apply for recognition of exemption from federal income tax under section 501(c)(3). Upon approval, the IRS will issue a determination letter that provides written assurance about the organization's tax-exempt status, and its qualification to receive tax-deductible charitable contributions.
 - b. The law requires payment of a user fee with each application. Submit the appropriate user fee based on your average annual gross receipts as indicated on Form 1023. Enclose payment with your application. You may pay your user fee with a personal or certified check, bank check, or cashier's check.

- c. If the PTO's gross receipts will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$300.
- d. If the PTO's average annual gross receipts will exceed \$10,000 annually over a 4-year period, the required user fee payment is \$750.

3. Filing Requirements

Most nonprofit organizations are not subject to income taxation. However, the Internal Revenue Service requires tax exempt organizations to file an information only return (Federal Form 990 or 990EZ) even if the organization has no taxable unrelated business income. A copy of the Form 990 is not required to be filed with the Department of Revenue.

Except as otherwise provided by North Carolina Revenue Law, an organization that is qualified for exemption from federal income tax under the Code is also exempt from the franchise taxes imposed under Article 3 of the North Carolina Revenue Law. [G.S. 105125]

An organization's determination letter states if it is required to file any tax returns with the North Carolina Department of Revenue.

VI. Forming a Parent Teacher Association

To become a PTA, follow these steps:

1. Contact the North Carolina PTA:
 - a) Contact the North Carolina PTA office for guidelines and assistance in organizing a local PTA. North Carolina PTA, 3501 Glenwood Avenue, Raleigh, North Carolina 27612-4934; (919) 787-0534 or (800) 255-0417; E-mail: office@ncpta.org; Web site www.ncpta.org.
 - b) Additional information is available from the National PTA, 330 North Wabash Avenue, Suite 2100, Chicago, IL 60611-3690; (312)670-6782; FAX (312)670-6783; E-mail: info@pta.org; Web Site: <http://www.pta.org>.
2. Form a Planning Committee:
 - a) Identify individuals interested in forming a PTA. Set a time and place for a planning meeting.
 - b) Ask a state PTA representative to address your planning meeting attendees and to provide information and materials about PTA. The state representative will be helpful in making sure that your group meets the eligibility requirements and in explaining the necessary procedures for organizing.
 - c) Form a planning committee from among the attendees at the meeting. Select a chair and a secretary of the planning committee to undertake responsibilities temporarily, until officers can be elected.
 - d) Organize temporary committees such as bylaws, nominations, publicity, and hospitality. Set a date for an organizational meeting to actually form and charter the new PTA unit.
3. Publicize the organizational meeting:
 - a) Distribute notices of the organizational meeting to all parents, teachers and other school staff, community members, and business people. Also put a notice in the local newspaper and contact other media sources.
 - b) Make personal calls to parents, teachers, and other prospective members and place notes in school staff members' mailboxes to remind them of the meeting date.
 - c) Survey your community to find individuals willing to be nominated for office.
 - d) Prepare a set of proposed bylaws to distribute at the meeting. Work with a state PTA representative who can help you follow state PTA guidelines for writing bylaws for your local unit.
4. At the organizational meeting:
 - a) Call the meeting to order. The chair of the planning committee explains the purpose of the meeting and introduces speakers who explain the policies and purposes of the PTA. Include representatives of the state, district, and/or council PTAs.

- b) Move to organize. The chair calls for a motion to organize a local PTA. The PTA is officially established when the motion is made, receives a second, and is carried by a majority vote.
- c) Distribute and present bylaws. A member of the temporary bylaws committee reads the proposed bylaws and calls attention to articles and sections required for all PTA units. The committee member then moves their adoption. Each article is then read separately so that amendments, if any, can be considered and acted on. As each amendment is offered, it is stated by the committee member, debated, and voted on immediately. A majority vote is required for adoption. Final motion is made to adopt bylaws as amended.
- d) Hold a short intermission and enroll members. On payment of dues (amount decided on during adoption of bylaws), people become charter members of the new PTA. An accurate list of members should be kept.
- e) Call for nominating committee report and nominations from the floor. The chair reconvenes the meeting for nominations and elections. All candidates nominated must be members of the PTA and their consent must be obtained before their names are submitted for nomination. The election should be by ballot, unless there is only one nominee, in which case the election may be by voice vote. Officers should be voted on one by one. Only members may vote.
- f) Install newly elected officers. The state, district or council PTA representative would be an appropriate person to perform the installation.
- g) The newly elected president takes the chair and calls for further business (deciding on date of first regular meeting, etc.).
- h) Adjourn meeting.

5. After the PTA is formed:

- a) The secretary sends dues (state and national portions only), bylaws, and other required information to the state PTA office. After meeting all criteria set by the state PTA, the new PTA will receive its charter.
- b) The officers examine and distribute materials sent by the state PTA. The packet contains a selection of state and National PTA publications, membership cards, and orientation materials for new local PTA units.
- c) The president calls a meeting of the newly elected officers to make plans for operation of the new PTA and to establish committees and set goals.

VII. Conducting Meetings

1. Meetings should follow “Robert’s Rules of Order.”
2. All meetings should be conducted by the President with an agenda. A written agenda is one of the best ways to keep a meeting on track and expedite the association’s business.
3. The Agenda should be distributed at least two weeks before the meeting.
4. Minutes of each meeting are to be made and kept in the permanent records of the organization.
5. A yearly budget is to be made and adopted by the organization.
6. Financial statements are to be reviewed at each meeting based on the frequency of the meetings. (Monthly, Semi-Monthly, etc.)
7. The adopted budget is to be reviewed with the financial statements for any changes, additions, and etc. that are necessary. Any changes from the adopted budget are to be approved by the organization.

8. Order of business

The terms “order of business” and “agenda” are closely related because they have to do with the order in which business is taken up in a meeting. The following sample “order of business” provides the sequence for the presiding officer:

- a. **Call to order.** The presiding officer (known as “the chair”) having determined that a quorum is present, says, “The meeting will come to order.”
- b. **Opening ceremonies.** Pledge of Allegiance and/ or inspirational message.
- c. **Reading and approval of minutes.** The chair may ask the secretary to read the minutes. Often they are printed with the treasurer’s report for everyone, in which case the chair says, “The minutes of our previous meeting have been distributed (or posted). Are there any additions or corrections? [pause] Hearing none the chair declares the minutes as read (distributed or as posted)”. If there are corrections, they should be made by the secretary to the official copy of the minutes, then signed and dated by the secretary. The chair asks, “Are there further additions or corrections to the minutes? Hearing none, the chair declares the minutes approved as corrected.”
- d. **Reports of officers, executive board/committee and standing committees.** Officers and standing committee chairs are asked to give their reports. The chair should be aware of which committees have a report and state; “The next order of business is the report of ...” No action is taken on reports unless a committee has a recommendation that requires approval by the board, such as adopting a budget or approval of a project.
- e. **Unfinished business.** (Sometimes incorrectly called “old business”) This is not announced unless the minutes indicate that a question was not finished or was “tabled” at a previous meeting.
- f. **New business.** These are motions introduced by members or actions prompted by committees. The chair calls for discussion of the business and puts all motions to vote.
- g. **Announcements.** The chair gives dates of upcoming meetings or other important events.
- h. **Adjournment.** Signifying the conclusion of the meeting, adjournment may be by unanimous consent. The chair asks, “Is there further business? [pause] If not, the meeting is adjourned.”

If there is a motion to adjourn, it requires a second and a majority vote.

9. Basic Terms

- a. **Chair:** The presiding officer. Authority is vested in the office (the chair), not in the person. The person in the chair may not express his/her own opinion, but serves as a means through which the assembly expresses its will.
- b. **Ex Officio.** This means “by virtue or because of office.” A person serves as an ex officio member of a committee because he/she was elected to a particular office.
- c. **Minutes.** The official record of all business transacted in a meeting, not discussions. Should include the names of all people making reports or motions. (The name of the person seconding the motion is not required.)
- d. **Address the chair.** Speak to the presiding officer from the floor.
- e. **Obtain the floor.** Secure the right to speak from the chair.
- f. **Motion.** A proposal that a certain action be undertaken by the organization.
- g. **Second a motion.** Agrees the motion should come before the assembly. A motion must be seconded to be discussed, except for motions coming from committees which do not require a second. If other motions are not seconded, the motion dies for lack of a second, and may not be discussed.
- h. **Amend a motion.** To change or modify a motion.
- i. **Resolution.** A form of a main motion, usually in writing, because of its length.
- j. **Vote.** Formal expression of will.
- k. **Quorum.** The number of members that must be present to legally transact business, all members having been notified of the meeting.
- l. **Lay a question on the table or table a motion.** To put the motion aside; it may or may not be taken from the table later.
- m. **Unfinished business.** Business carried over from another meeting.
- n. **New business.** Business being brought before the assembly for the first time.
- o. **Adjourn.** To close a meeting.

10. Motions

- a. **A main motion** introduces a subject to an assembly. It is a proposal that the group take a specific action. It may be presented orally or in written form (a resolution), and as a general rule, it is presented in the affirmative form.
- b. **Motions are seconded** to show that more than one person agrees the motion should come before the assembly. If a motion is not seconded at once, the chair must not ask for a second, as that would indicate the attitude of the chair. Rather, the president may say, “Was there a second to the motion?” It is not necessary for a member to gain the floor to second a motion.
- c. **If a motion is not seconded**, the motion may not be debated or discussed and fails for lack of a second. The chair should then move on to the next item of business.
- d. **After a motion is made and seconded**, it may be debated, unless the presiding officer rules the motion is “out of order.”
- e. **A motion may be amended** by inserting or adding, deleting or substituting words or phrases to clarify it. The motion “to amend” is made in the same manner as a regular motion because it must be seconded to be considered. The amendment is voted on before the vote is taken on the main motion. If the amendment passes, then the vote is taken on the main motion as amended. If the amendment fails, the vote is taken on the original main motion.

VIII. Robert's Rules of Order Motions Chart

RobertsRules.org

Based on *Robert's Rules of Order Newly Revised (10th Edition)*

Part 1, Main Motions. These motions are listed in order of precedence. A motion can be introduced if it is higher on the chart than the pending motion.

§ indicates the section from Robert's Rules.

§	PURPOSE:	YOU SAY:	INTERRUPT?	2ND?	DEBATE?	AMEND?	VOTE?
§21	Close meeting	I move to adjourn	No	Yes	No	No	Majority
§20	Take break	I move to recess for ...	No	Yes	No	Yes	Majority
§19	Register complaint	I rise to a question of privilege	Yes	No	No	No	None
§18	Make follow agenda	I call for the orders of the day	Yes	No	No	No	None
§17	Lay aside temporarily	I move to lay the question on the table	No	Yes	No	No	Majority
§16	Close debate	I move the previous question	No	Yes	No	No	2/3
§15	Limit or extend debate	I move that debate be limited to ...	No	Yes	No	Yes	2/3
§14	Postpone to a certain time	I move to postpone the motion to ...	No	Yes	Yes	Yes	Majority
§13	Refer to committee	I move to refer the motion to ...	No	Yes	Yes	Yes	Majority
§12	Modify wording of motion	I move to amend the motion by ...	No	Yes	Yes	Yes	Majority
§11	Kill main motion	I move that the motion be postponed indefinitely	No	Yes	Yes	No	Majority
§10	Bring business before assembly (a main motion)	I move that [or "to"] ...	No	Yes	Yes	Yes	Majority

Part 2, Incidental Motions. No order of precedence. These motions arise incidentally and are decided immediately.

§	PURPOSE:	YOU SAY:	INTERRUPT?	2ND?	DEBATE?	AMEND?	VOTE?
§23	Enforce rules	Point of Order	Yes	No	No	No	None
§24	Submit matter to assembly	I appeal from the decision of the chair	Yes	Yes	Varies	No	Majority
§25	Suspend rules	I move to suspend the rules	No	Yes	No	No	2/3
§26	Avoid main motion altogether	I object to the consideration of the question	Yes	No	No	No	2/3
§27	Divide motion	I move to divide the question	No	Yes	No	Yes	Majority
§29	Demand a rising vote	I move for a rising vote	Yes	No	No	No	None
§33	Parliamentary law question	Parliamentary inquiry	Yes	No	No	No	None
§33	Request for information	Point of information	Yes	No	No	No	None

Part 3, Motions That Bring a Question Again Before the Assembly.

No order of precedence. Introduce only when nothing else is pending.

§	PURPOSE:	YOU SAY:	INTERRUPT?	2ND?	DEBATE?	AMEND?	VOTE?
§34	Take matter from table	I move to take from the table ...	No	Yes	No	No	Majority
§35	Cancel previous action	I move to rescind ...	No	Yes	Yes	Yes	2/3 or Majority with notice
§37	Reconsider motion	I move to reconsider ...	No	Yes	Varies	No	Majority

IX. Record Requirements

Voluntary organizations suffer from the constant turnover of its officers and members. Therefore, it is important that a formal record retention policy be established.

1. Each organization needs to maintain records for at least the time specified below, providing there are NO litigation, claim, audit, or other official action involving the records. Some of the records required to be maintained are listed below:
 - a. Bylaws should be retained indefinitely
 - b. Articles of Incorporation, if any, should be retained indefinitely
 - c. Tax-exempt Declaration Letter issued by the IRS should be retained indefinitely
 - d. Tax Returns Filed (if required) should be for seven years
 - e. Original books of entry, (cash receipts journals, cash disbursements journals and general ledgers) should be retained for at least three years
 - f. Banking records should be retained for at least three years
 - g. Minutes should be retained as defined by organization Bylaws or at least for three years
 - h. Contracts, agreements, and leases with consultants, vendors, and other firms concerning services, equipment, and other obligations should be retained for at least five years after expiration of contract
 - i. Fixed assets should be retained for at least five years
 - j. General ledgers should be retained for at least four years
 - k. Records concerning items sold should be retained for at least three years
 - l. Sales and Use Taxes should be retained for at least nine years
 - m. Records pertaining to legal issues should be retained indefinitely.
 - n. Yearly financial statement should be retained indefinitely.
 - o. Supporting documentation for the financial statement should be retained for at least five years.

2. Location of Retained Documents: Since turnover is a factor in booster and parent organizations, documents should be retained in a location accessible to help avoid the loss of information and make records easy to access by current and new officers. Recommendations include:
 - a. Renting a safe deposit box
 - b. Renting a self-storage unit
 - c. Using a document storage company
 - d. Maintaining a file cabinet at the school with permission of the principal
 - e. The Organization should use the Cash Method of accounting.

3. The fiscal year should be the same as the school systems. This is a period from July 1 to June 30.

4. The accounting records would be kept under the same period with the exceptions of the following:
 - a. Sales tax refunds (as explained later) are for the periods of January 1 to June 30 and July 1 to December 31.
 - b. Contributions records are to be maintained on a calendar year. For any contribution of \$250 or more (including contributions of cash or property), the organization must issue a written acknowledgment indicating the amount of the cash and a description of any property contributed, and whether the organization provided any goods or services in exchange for the gift. Contributions are deductible in the calendar year they are given.

Always be consistent with the recording of accounting activity. This makes it easier for new officers, especially the Treasurer to review past data and information.

X. Receipts and Disbursements

1. Maintain a checking account in the legal name of the organization. Checks are recommended to be in a format that allows a check stub to remain in the check book when the check is removed. This method is normally easier than logging the check in a register in front of the check book.
2. Maintain a minimum of two signatures for the signing of checks.
 - a. Establish three signatures on the Bank's Signature Card. This allows a second signature to always be available. The recommended parties, to sign the signature card for the bank, are the President, the Vice President, and the Treasurer.
 - b. Do not have the second signature sign checks before they are written. This defeats the purpose of a second signature.
 - c. No employee of the district is authorized to sign checks on behalf of the organization.
3. Disbursements
 - a. The organization needs to maintain a locked secured location for the check book.
 - b. Invoices for payment:
 - i. From approved funds in the adopted budget are to be verified prior to disbursements.
 - ii. From unapproved Funds, should be approved with a budget change before payment.
 - c. Maintain a copy of the invoice for the organization's records.
 - d. Mark the invoice with the check number used for payment and the date paid.
 - e. Checks are to be mailed or delivered as soon as they are written. Do not hold written, signed checks.
 - f. Make sure Title IX is not violated. Title IX of the Education Amendments of 1972 states, "No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance."
4. Receipts:
 - a. Establish policies to keep the cash secured until it can be deposited. Funds are not to be kept at the school. Daily organization deposits are encouraged with two people verifying the funds to be deposited.
 - b. Fund-raising Activity
 - i. The Fund Raiser Chairperson should count the funds received with the Treasurer. After the count is verified the funds should be given to the Treasurer for deposit.
 - ii. The Treasurer should issue a duplicate receipt of the funds, giving one copy to the Fund Raiser Chairperson and maintain one.
 - c. Other Cash Receipts

- i. All other Cash Receipts are to be counted by a designated person responsible for the funds with the Treasurer and immediately given to the Treasurer for deposit.
- ii. The Treasurer should issue duplicate cash receipt of the funds, keeping one copy for their record.

5. Deposits

- a. The Treasurer should make all deposits using a duplicate deposit slip. The Bank will return a copy of the deposit slip, stamped with the deposit date. This duplicate deposit slip is to be attached to the cash receipt and filed as the cash receipt record.

XI. Reporting of Accounting Activity

1. The Organization may purchase a software program to organize the accounting work (if you have not already.) There are various, inexpensive programs which can be used. Another alternative is to use a spreadsheet layout under Excel, Google Docs, etc.
2. Income should be accounted for by activities such as:
 - a. Gift wrap
 - b. Bake Sale
 - c. Miscellaneous
 - d. Interest
 - e. And so forth...
3. Expenses should be maintained according to like expenses. You may want to separate expenses associated with fund-raising and operating activity.
 - a. The filing of a tax return (as reviewed later) depends on the level of total income received by the Organization. If total income exceeds \$50,000, it is advisable to record expenses as the IRS has labeled on the required tax return to be filed.
4. Monthly reports (or semimonthly depending on the timing of the meetings) are to be distributed at each Board Meeting. The financial statements are to be reviewed and approved at the meeting and noted in the minutes.
5. An Example Format:

	(1) Monthly Activity	(2) Year To Date	(3) Approved Budget	(4) Variance (YTD & Budget) (2 less 3)
Income				
Gift Wrap	xxx	xxx	xxx	xxx
Bake Sale	xxx	xxx	xxx	xxx
Miscellaneous	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Income	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Expenses				
Gift Wrap	xxx	xxx	xxx	xxx
Bake Sale	xxx	xxx	xxx	xxx
Office Supplies	xxx	xxx	xxx	
Miscellaneous	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Expenses	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Income over (under expenses)	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>

6. Financial Statements are open to all organization members.
7. A Yearly Report (in the format above) of the organization should be presented to the Superintendent's office at the end of each school year by the President of the organization.

XII. Sales Taxes

1. Charging Sales Tax On Items Sold

- a. North Carolina requires sales tax to be charged on items sold. These taxes must be paid to the NC Department of Revenue.
- b. If a PTA/PTO or Booster Club makes taxable retail sales, it must obtain a Certificate of Registration by completing Form NCBR and collect and remit the tax due on such sales. There is no fee for registering. The tax remitted to the Department by the nonprofit organization on retail sales should not be included in its refund claim.
- c. A penalty of \$250.00 can be assessed when a purchaser issues a Streamlined Sales Tax Agreement Certificate of Exemption in connection with a purchase of tangible personal property that is purchased for use or consumption, and not for resale.

2. Exempt Sales and Use Tax by PTA/PTO and Booster Clubs

- a. Parent organizations may be exempt from paying sales taxes to vendors for items purchased for resale by providing the vendor with a Streamlined Sales Tax Agreement Certificate of Exemption- Form E-595E. A Streamlined Sales Tax Agreement Certificate of Exemption - Form E-595E can be obtained from North Carolina Department of Revenue. A parent organization will still be required to charge sales tax when the items are sold, unless the following exemption is met.
- b. Sales of items by parent organizations are exempt from sales tax only if all of the net proceeds of the sales are given directly to the school. The organization cannot spend the money on anything for the school.

3. Paying Sales Tax on Items Purchased by Nonprofit Parent Organizations

- a. North Carolina law does not exempt nonprofit parent organizations from payment of sales and use tax on items they purchase for use. When a parent organization purchases taxable items for use from a North Carolina vendor, the organization must pay the tax to the vendor.
- b. Out-of-State Vendors:
 - i. When a parent organization purchases taxable items for use from an out-of-state vendor who charges sales tax, the organization must pay the tax to the vendor.
 - ii. If the parent organization purchases taxable items from an out-of-state vendor who does not collect the sales or use tax, the parent organization is required to file a use tax return, and remit the tax due on the purchases.
- c. If No Taxes are Due:
 - i. A parent organization that does not owe tax for a given period must file a return reflecting (\$0.00) on the "Total Due" line.
 - ii. To register, the organization must complete Form NCBR, "Business Registration Application for Income Tax Withholding, Sales and Use Tax, and Machinery, Equipment, and Manufacturing Fuel Tax". There is no fee for registering.

4. Refunds to Nonprofit Parent Organizations

- a. A parent organization can apply for a refund of sales and use tax paid semiannually on purchases of item for use in carrying on their nonprofit work.
 - i. A parent organization can apply for a refund with the State of North Carolina, but will only receive the refunds from county sales and use taxes.
 - ii. A parent organization cannot apply for a refund on sales tax paid on taxable sales made by the organization.
 - iii. A Non-Profit Parent Organization must be a 501(c)(3) tax exempt organization to apply for a refund of sales tax paid every six months.
 - iv. "Nonprofit and Governmental Entity Claim for Refund State and County Sales and Use Taxes," Form E-585, must be used by the Parent Organizations when filing for the refund.
- b. When To File For Refund
 - i. The claim for refund of sales and use taxes paid during the first semiannual period (January 1 through June 30) is due to be filed by October 15th of the same year.
 - ii. The claim for refund for the second semiannual period (July 1 through December 31) is due to be filed by April 15th of the following year.
 - iii. Claims for refunds which are filed more than three years after the due date are ineligible to be refunded.

5. Qualifying for Sales and Use Tax Refunds

In order to receive a determination as to whether an organization qualifies for tax refunds, it must furnish the Department a copy of the documents used to create the organization. If the organization is not incorporated, it should furnish a copy of its Bylaws, Constitution, or other organizational documents. If the organization is incorporated, it should furnish a complete copy of its Articles of Incorporation and its Bylaws. This documentation can be sent the first time with the request for a refund.

6. 501(c)(3) Status

- a. Even if a parent organization has 501(c)(3) status, it is not exempt from sales and use taxes. Parent Organizations must be a 501(c)(3) organization to be exempt from paying income taxes and to qualify for sales tax refunds.
- b. Since PTA's belong to the national organization, they are already 501(c)(3) organizations and are tax-exempt from income taxes only. All other parent organizations must apply for 501(c)(3) tax-exempt status by sending the NC Department of Revenue a copy of the Bylaws, Constitution, or other organizational documents (if not incorporated), or the Articles of Incorporation and Bylaws (if incorporated), and a copy of the Federal Determination Letter (if the parent organization has one). These documents should be sent to:

North Carolina Department of Revenue
Taxpayer Assistance Division
Corporate Tax
Post Office Box 25000
Raleigh, NC 27640

XIII. Tax Returns

All PTAs, PTOs, and Booster Clubs are required to file annually a 990N, 990EZ, or 990 with the IRS in order to maintain their tax-exempt status. The type "Return of Organization Exempt From Income Tax" form filed depends upon income level. This form is to let the public understand what you did with the funds that were raised from your group.

Who must file Form 990-N (e-Postcard)?

Under the Pension Protection Act of 2006, small tax-exempt organizations whose gross receipts are normally \$50,000 or less must file Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations not required To File Form 990 or 990-EZ. Before this law was enacted, these small organizations were not required to file annually with the IRS.

An organization's gross receipts are considered to be \$50,000 or less if the organization:

- Has been in existence for 1 year or less and received, or donors have pledged to give, \$75,000 or less during its first taxable year;
- Has been in existence between 1 and 3 years and averaged \$60,000 or less in gross receipts during each of its first two tax years; and
- Is at least 3 years old and averaged \$50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which calculations are being made). Gross receipts are the total amounts the organization received from all sources during its annual accounting period (without subtracting any costs or expenses) less the National and State portion of dues collected.

How do I file the e-Postcard?

The e-Postcard is filed electronically by answering fewer than ten questions in an online form. The URL for filing is <http://epostcard.form990.org>. The form must be completed and filed electronically. There is no paper form.

How much does it cost to file the e-Postcard?

Filing the e-Postcard is free. To access the filing systems go to the filing site at <http://epostcard.form990.org>. There is no paper form.

When is the e-Postcard due? How often do I need to file?

The e-Postcard is due every year by the 15th day of the fifth month after the close of your tax year (usually the same as your accounting period). For example, if your tax year ended on June 30th, the e-Postcard is due November 15th. If you do not file your e-Postcard on time, the IRS will send you a reminder notice but you will not be assessed a penalty for late filing the e-Postcard. However, an organization that fails to file required e-Postcards (or information returns – Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

Do I need an e-mail address to file the e-Postcard?

Yes, you will need an e-mail address. The system uses the e-mail address to activate your login ID and password and to notify you if your e-Postcard was accepted or rejected by the IRS. If rejected, the e-mail will contain instructions on who to contact to resolve the problem.

Can I file the e-Postcard before the close of my tax year?

No, you cannot file the e-Postcard until after the end of your tax year.

NCPTA, 3501 Glenwood Avenue, Raleigh, NC 27612 -- office@ncpta.org

What information do I need to provide on the e-Postcard?

The e-Postcard is easy to complete. All you need is the following information:

- Organization's legal name – An organization's legal name is the organization's name as it appears on your bylaws or on the certificate of incorporation.
- Organization's mailing address – The mailing address is the current mailing address used by the organization. Usually the school address.
- Organization's website address (if you have one).
- Organization's employer's identification number (EIN) – If you do not know your EIN, you may be able to find it on the organization's bank statement, application for Federal tax-exempt status, or prior year return or by contacting the State PTA Office (office@ncpta.org)
- Name and address of a principal officer of your organization – List the name of your current president.
- Organization's annual tax year – (July 1 – June 30, see Uniform Bylaws, Article 13)
- Confirmation that the organization's annual gross receipts are normally \$50,000 or less (\$25,000 for tax years ending on or before December 31, 2009)
- If applicable, a statement that the organization has terminated or is terminating (going out of
of
business)

Will I get a confirmation that I filed the e-Postcard?

Yes, you will receive an email from the filing system indicating whether your e-Postcard was accepted or rejected by the IRS. If rejected, the email will tell you who to contact to help resolve the problem. In addition, once you submit the e-Postcard to the IRS you can view the "Check Filing Status" page where you can view and print an image of the e-Postcard for your records.

If my information changes or I make a mistake, can I amend the e-Postcard after submitting it to the IRS?

No, you cannot file an amended e-Postcard. You can make corrections or update your information when you file your next e-Postcard in a subsequent year.

What should my organization do if when I attempted to file the e-Postcard using its correct EIN it received an error message indicating that the EIN was incorrect?

If you are certain that your EIN was entered correctly, the IRS may not have your organization listed as a tax-exempt organization. If you receive an error message and are a PTA, contact

the State PTA Office for assistance. If you receive an error message and are a PTO or Booster you will need to contact the IRS for assistance.

Can I file Form 990 or Form 990-EZ instead of the e-Postcard?

Yes, but please note that if you choose to file an annual information return (Form 990 or Form 990-EZ) instead of the e-Postcard, you must file a complete return. An incomplete or partially completed Form 990 or Form 990-EZ will not satisfy the annual filing requirement. Also, you may be assessed a late filing penalty if you file Form 990 or Form 990-EZ late.

What happens if I file the e-Postcard late?

The IRS will send you a reminder notice if you do not file your e-Postcard on time, but you will not be assessed a penalty for late filing an e-Postcard. However, it is critical that you file within the 3-year period.

What if our organization grossed over \$50,000 (previously \$25,000)?

Organizations that gross over \$50,000 are required to file IRS Form 990EZ or IRS Form 990 (if gross receipts are over \$200,000 or if assets are greater than \$500,000). The 990-N e-Postcard only affects organizations that gross under \$50,000.

XIV. IRS and State Forms

Internal Revenue Forms and Publication

Live Phone Assistance: 1-800-829-1040 and 1-877-829-5500

Order Forms/Publications: 1-800-TAX-FORM or 1-800-829-3676

Internet: <http://www.irs.gov/Forms-&Pubs>

Local Office: Five Resource Square

10715 David Taylor Drive

Charlotte, NC 28262

Monday-Friday - 8:30 a.m.-4:30 p.m.

704-548-4100

Suggested Language for Corporation	Publication 557
Application for Employee Identification Number	Form SS-4
Application for Recognition of Exemption	Form 1023
User Fee for Exempt Organization Determination Letter Request	Form 8718
Contributions Information- Documentation Requirement	Form 1040- Schedule A Instructions
Return for Organization Exempt from Income Tax (Gross receipts greater than \$200,000)	Form 990
Return for Organization Exempt from Income Tax (Gross receipts between \$50,000 and \$200,000)	Form 990 EZ
Instructions- Return for Organization Exempt from Income Tax	Instructions 990 & 990 EZ
North Carolina Department of Revenue Forms and Publications	
Charlotte Office:	301 McCullough Drive Suite 300 Charlotte, NC 28262 704-519-3000
Raleigh Office:	1-919-707-0880
By Internet:	http://www.dornrc.com/
NC State and Use Tax and Withholding Registration Application	NC- BR
NC State Sales and Use Tax Report	Form E-500
Claim for Refund of State and County Sales and Use Taxes	Form E-588
Certificate of Resale	Form E-595E

XV. Restoring a Prior Booster Club:

1. Check with the Secretary of State <http://www.secretary.state.nc.us/corporations/CSearch.aspx> to see if articles of incorporation have been filed. If a booster club isn't incorporated the volunteers may be personally held liable. If you are incorporated, keep a copy of the articles of incorporation in a file at the school with all other permanent records. If you are not incorporated, you will need to file articles of incorporation to avoid liability.
2. The Booster Club will need its own EIN number from the IRS. You may go to <http://www.irs.gov/> to obtain an EIN number if you do not have one.
3. You will need to obtain a 501 (c) (3) tax-status and file the appropriate IRS Form 990 annually. Without tax-exemption, you may be required to pay taxes on earned income.
4. You will need a State ID number if you do not have one.
5. Obtain a checking account in the legal name of the organization. The organization's legal name needs to be different than the school's name, since they are different entities. It is preferred that the legal name be similar to the ones listed below.
 - a. The PTA of ABC School
 - b. The PTO of ABC School
 - c. The Athletic Booster Club of ABC School

Once the Booster Club is formed:

1. You will need a set of By-Laws for the Booster Club to abide by along with levels of committees. (The Principal or Principal's designee is to be a member of all committees. It is very important that the Principal is aware of and is in agreement with the Booster Clubs mission.)
2. "Robert's Rules of Order" should be incorporated in the By-Laws and should be followed at committee meetings.
3. Regular meetings are to be conducted by the President of the Booster Club with an agenda that is distributed at least two weeks prior to meeting.
4. Minutes of each meeting should be kept in permanent records at the school.
5. A yearly budget is to be made and adopted by the organization. The budget should be reviewed as needed to see if any changes are necessary. Any changes to the budget are to be approved by the organization.

6. Financial statements are to be reviewed at each meeting based on the frequency of the meeting (monthly, semi-monthly, etc.). The Cash Method of accounting should be used with the fiscal year being July 1 to June 30.
7. Maintain contribution records. If someone gives more than \$250 they must receive a standard IRS letter from the organization.
8. Be consistent with recording of accounting activities. Be sure to reconcile the checking account to your books and see that checks are signed by two people. All receipts should be verified by the treasurer and counted at least by two people. The deposit slip from the bank should be kept with the verification of cash received.
9. Establish policies to ensure that cash is secure until it can be deposited.
10. Invoices should be approved prior to budget money being spent. If an invoice isn't in the budget the budget will need to be approved to be changed prior to the invoice being paid. Checks should be mailed as soon as they are written.
11. You will want to follow the IRS exemption requirements. [http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501\(c\)\(3\)-Organizations](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501(c)(3)-Organizations)
12. Booster Club members may be a committee of the PTO, but if so the record keeping falls under the PTO's responsibility.
13. Sales Tax should be paid monthly to North Carolina Department of Revenue and a refund form may be completed semiannually. If a refund is due you will need complete North Carolina Department of Revenue's Form E-588.
 - a. Period January to June is due October 15th.
 - b. Period July to December is due March 15th.

XVI. Resources Used

1. www.irs.gov
2. www.pta.org
3. www.ncpta.org
4. www.fundraisingip.com
5. www.ptotoday.com
6. www.ncga.state.nc.us/
7. NCASBO ACC 125 Individual Schools and Special Issues in Accounting class by Kerry Crutchfield
8. "With Strings Attached: BOOSTERS, PTO/PTA, Foundations, Fundraisers and Cellular Tower Leases" class for NSBA Council of School Attorneys by Peter K. Wilson, Jr., Dean M. Friders, and Mickey, Wilson, Weiler, Renzi & Andersson, P.C.
9. Prior 1999 Organizational Booklet by Christine C. Spivey, CPA