

Treasurer Handbook 2021-2022

Washington State
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The treasurer is elected by the members to be the authorized custodian to manage the funds of the PTA on behalf of the membership and the board of directors. This handbook focuses specifically on tasks that are required of the treasurer, and is meant to be used with other resources, such as *Managing Your Nonprofit PTA* and *PTA and the Law*.

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1. Introduction

This handbook focuses on tasks required of a treasurer in a local PTA or council. The treasurer should understand all references to finances and membership dues found in *Managing Your Nonprofit PTA*, *PTA and the Law*, the *WSPTA Uniform Bylaws*, and the PTA's own standing rules.

The resources referred to in this handbook are available on the Washington State PTA (WSPTA) website under [Leadership Guides](#):

- *Managing Your Nonprofit PTA Handbook*
- *Sample Money Handling Policy*
- *Online Financial Safety for PTAs*
- *Legal Documents Notebook*
- *Financial Review Checklist*
- *Online Financial Safety for PTAs*
- *Sample Money Handling Policy*
- *Cash Box Count*
- *Receipt Samples*
- *Deposit Detail*
- *Non-Signer Review of Bank Statements*
- *Budget Financial Reports (Basic)*
- *Budget Financial Reports (Advanced)*
- *Sample Membership Subsidy Policy*
- *Registered Agent FAQ*
- *Annual Corporation Report WSPTA Instructions*
- *Charitable Organization Renewal WSPTA Instructions*
- *Charitable Organization Optional Renewal WSPTA Instructions*

2. Duties of a nonprofit board member

Each member of a nonprofit board has three legal duties, collectively known as their “fiduciary” duty. A fiduciary is a person who holds something in trust for another. A PTA board is charged with holding the well-being of the PTA in trust for its members. The three legal duties are:

- **Duty of Care:** to pay attention to the organization’s activities and operations and to comply with applicable federal, state, and local laws;
- **Duty of Loyalty:** to put the interests of the organization before personal and professional interests;
- **Duty of Obedience:** to remain the guardians of the mission and ensure funds are spent on the mission.

Two WSPTA resources directly address these legal requirements: *PTA and the Law* and *Managing Your Nonprofit PTA*. *PTA and the Law* is a class that is offered yearly across Washington. It has accompanying resources that are available only through that class. One elected officer from every PTA must take *PTA and the Law* yearly, in accordance with the WSPTA Standards of Affiliation. *Managing Your Nonprofit PTA* deals specifically with the financial duties of the board of directors and risk management.

3. Duties and responsibilities of the treasurer

The members elect the treasurer to manage the funds of the PTA on behalf of the membership and the board of directors. The funds, books, and record-keeping materials are the property of the PTA. The treasurer serves as an active participant on the board of directors and executive committee and attends all meetings of each body. The treasurer serves as chair of the budget committee and presents the budget to the board and membership.

The specific duties and responsibilities of a treasurer:

- Attend council, region, and/or state trainings, webinars, workshops, and convention.
- Assure all PTA funds are promptly deposited into PTA bank accounts.
- Reconcile the PTA's bank accounts and financial records.
- Maintain accurate and detailed accounting of all funds received and disbursed.
- Pay all authorized financial obligations of the PTA, including membership dues and fees owed to a council (if any), in a timely manner.
- Submit written monthly financial report at each membership or board meeting.
- Send written reports to the board during months when no meetings are held.
- Submit an annual report at the end of the fiscal year (June 30).
- Chair the budget committee to develop and present the budget for the following year.
- Preserve all receipts, invoices, bank statements, cancelled checks, and other financial records as specified in the records retention timetable.
- Submit the current year's records to a financial review committee.
- Ensure that appropriate and adequate insurance (liability insurance at a minimum) is purchased for the PTA.
- Prepare and file the appropriate IRS informational forms (990-N, 990-EZ or 990 and 1099-NEC), state sales tax forms, annual incorporation renewal report, Charitable Solicitations report, business license, and any city/county licenses in a timely manner.

4. Getting started

Following is a list of actions that must be taken by the treasurer immediately upon taking office:

- Ensure the books and records of the previous treasurer have been reviewed by a financial review committee. If not, ask the president to appoint a financial review committee. **Do not accept the books until a financial review has occurred.**
- Incoming treasurers may request to participate in the financial review if they were not on the bank account's signature card during the period covered in the financial review. If the incoming treasurer was a signer on the account, they may request to observe the review.
- Following the financial review, the board should review and implement recommendations made by the committee.
- Verify the books and records received from the previous treasurer are complete. Report any missing records at the next board meeting.
- Verify that current officers have signed a new bank signature card, and keep a copy for the PTA's records.
- Ensure passwords are changed on all online accounts so that only current officers have access.
- Develop or update procedures for money handling at events and during fundraisers.
- Follow up on any uncleared checks from the previous fiscal year. Recipients may ask for the check to be re-issued or may choose to donate the funds back.

Legal documents, treasurer's notebooks, and supplies

Upon taking office, the treasurer should review the legal documents notebook and treasurer's notebook. The PTA's standing rules should define how many copies of the notebooks are maintained, and by whom.

The treasurer's notebook should be organized to facilitate the financial review. One method is by month, with meeting minutes, monthly financial reports, reimbursements, and other documents all filed together. Another method is by subject, with meeting minutes, monthly financial reports, reimbursements, and other documents filed separately by subject.

Banking supplies, notebooks, and forms:

<ul style="list-style-type: none">• Bank bag• Bank deposit stamp• Cash box count worksheet• Checkbook	<ul style="list-style-type: none">• Deposit slips• Ledger or financial software• Receipt book	<ul style="list-style-type: none">• Board roster and contact information• Request for payment form• Deposit detail form
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The treasurer should maintain the following documents:

<ul style="list-style-type: none"> • Bank information <ul style="list-style-type: none"> ○ Checking, savings, CD, investment accounts ○ Online logins/passwords • Current bank signature card or documentation verifying that current bank signers are current elected officers • CPA firm and contact information (if applicable) • Monthly bank statements with reconciliation reports • Meeting minutes • Approved budget • Monthly financial reports • Voided checks • Completed reimbursement/check request forms <ul style="list-style-type: none"> ○ Receipts or invoices attached • Current membership report • List of equipment owned by PTA • Sales tax filing from previous year, if applicable • Licenses: gambling, banquet, liquor • Financial review forms • Approved grant requests 	<ul style="list-style-type: none"> • Contracts: current and expired • Copies of receipts acknowledging cash contributions • Copies of receipts acknowledging goods or services donated • Standing rules, policies, written procedures • Board and committee contact information • Legal information • Blank forms • Calendar of events • Legal filing dates <hr style="width: 20%; margin-left: 0;"/> <ul style="list-style-type: none"> • <i>WSPTA Uniform Bylaws</i> • <i>Treasurer’s Handbook</i> • <i>Managing Your Nonprofit PTA Handbook</i> • <i>PTA & the Law Handbook</i> • <i>Online Financial Safety for PTAs</i>
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5. Handling PTA funds

PTAs should have clear, **written** guidelines for handling funds to ensure that all funds intended for the PTA are received and used by the PTA. There should be adequate documentation at each step in the process to enable the PTA to answer any concerns or questions that may arise.

5.1 Handling cash

If there is a cash box at PTA events, the PTA can use its funds to “stock” the cash box at the beginning of an event. A PTA check signed by two authorized signers and payable to a PTA member can be cashed at the bank. At the beginning of the event, the funds should be counted by two PTA members and recorded using *Cash Box Count*.

At the end of the event, all cash in the cash box should be counted by two PTA members, and recorded using *Cash Box Count* and delivered to the treasurer for deposit. The treasurer should give a receipt to acknowledge that they have received the funds. If the cash box was stocked using PTA funds, this should be noted because the total income from the event reported in the financial records would be less than the total cash on hand by the amount initially placed in the cash box. If the cash box was stocked using a PTA member's funds, repayment should be by PTA check or by cash, with the individual signing a receipt confirming that they received the money. The amount repaid should be the same as the amount on the starting inventory.

5.2 Cash receipts

A receipt verifies someone has given money in exchange for goods and services, or tracks receipt of funds following an event. It is a legally recognized document. Written or electronic receipts should be given for all donations or other funds received by the PTA, and a copy should be maintained for the PTA's records. Any donation of \$250 or more requires a receipt, per IRS rules.

Treasurers should choose a receipt system that fits the needs of the PTA. Custom receipts may be created in a word processing program. With a two-part carbonless receipt book, the original receipt is torn out and given to the individual, and a copy of the receipt remains in the book. All receipts should include the date, the amount and type (cash, check and number, or credit card) of money received, from whom it was received, the event or budget line the money applies to, and who received the funds.

5.3 Depositing funds

All funds received must be counted immediately by two PTA members over 18 years old; each member should verify the total independently. Both PTA members should receive a copy of the *Deposit Detail* form to eliminate any questions about whether all funds were properly accounted for.

Deposit slips are important banking records that should be completed with care. The information contained on a PTA deposit slip may be valuable later. For example, if properly filled out, a deposit slip can be used to ensure an individual paid for a membership or fundraiser and that the PTA deposited the check.

5.3.1 Preparing a deposit

1. For all checks:
 - a. Endorse the back. If the bank does not provide an endorsement stamp, your PTA can purchase one. For example:

<p><i>For Deposit Only</i> <i>Sample PTA</i> <i>Account # 123456789</i></p>
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- b. Verify the correctness of all checks to be deposited. Check for the date, that the payee is correct (for example, the check is payable to the PTA and not the school), that the number and written amounts match, and the signature is present. Never alter a check that has been received. Checks must be corrected or replaced by the person who submitted them. Catching errors before submitting a deposit will save time and money.
2. If you have many checks, banks prefer that you enter the check numbers and amounts into a spreadsheet and total them, or that you run a tape from a printing calculator to show the checks in the deposit and the total. Attach the tape or spreadsheet to the deposit slip.
3. Complete a deposit slip. If the deposit slip is not preprinted with the PTA name, address, and account number, complete this information.
4. Enter the total amount of cash to be deposited in the section marked “currency.”
5. Calculate the total cash and checks to be deposited.
Tip: A common business practice is to make copies of the checks being deposited and save them with a copy of the deposit slip. This helps if there is a question regarding a specific payment from an individual. Once the checks have cleared, the check copies should be shredded. PTAs should check with their bank about whether the bank retains images of deposited checks to which they can have access.
6. Once the deposit has been made, verify that the bank deposit receipt amount is identical to the amount submitted for deposit.

Note: Some banks are adopting technology that will eliminate the use of deposit slips.

1. When depositing checks at an ATM using a deposit-only ATM card, the checks are scanned, and the amount can be verified prior to concluding the transaction. The deposit receipt should include scanned check images for your records.
2. Some PTA accounts have an online app that permits remote deposits of checks. The check should be retained by the PTA only until it clears, then shred. The PTA also must have documentation from the bank showing that deposits were received, including confirmation emails or confirmation numbers and screens, which should be printed and included with the deposit record.

5.3.2 Night deposits

All funds should be promptly deposited into a PTA bank account. Ask your PTA’s bank manager what their process is. When making a night deposit, use a locking deposit bag, or a self-sealing disposable deposit bag. Two PTA members should make the night deposit for safety and security purposes. A branch manager or specially trained commercial teller collects the deposit from the depository. The agreement between you and your bank determines who opens the bag and counts its contents. The bank may open your bag and process your night deposit on its next business day. A bank may provide the option of leaving the bag unopened until a signer on the account is present. This delays the posting of the funds, but speeds the resolution of accounting errors and prevents disputes.

5.4 Accepting credit card payments

PTAs may accept credit and debit cards for donations or as payment through websites or use of devices that may be used as add-ons to mobile devices.

When a PTA accepts credit cards, the accounting records must reflect both the actual revenue and the fees paid to the credit card processor. The entire charge should be recorded as income, and the fee as an expense. For example, if the PTA's membership dues are \$15.00, and the bank charges a 5% fee, the full \$15.00 should be recorded as revenue, and the fee ($\$15 \times 5\% = \0.75) recorded as an expense.

- ✓ Do not use personal social security numbers to set up accounts for a PTA. Use your PTA's EIN.
- ✓ Do not transmit cardholder's credit card data by email, mail, or fax.
- ✓ Do not store credit card data.
- ✓ Store all physical documents containing credit card data in a secure area that the PTA solely controls, such as a lockable drawer, file cabinet, or office.
- ✓ Do not store PIN or CVV2/CVC2/CID numbers.
- ✓ Do not share user IDs for system access.
- ✓ Never acquire or disclose any cardholder data without the cardholder's consent.
- ✓ Ensure that the person taking the credit card information and/or processing the transaction is properly trained in best practices.
- ✓ Each person who has access to credit card information is responsible for protecting it.
- ✓ Keep enough documentation for each transaction to ensure that disputed charges do not become a problem.
- ✓ When a refund is necessary, the refund **must** be credited to the same account from which the purchase/donation was made. You may not refund a credit card transaction by cash or check.

Note: For more information about accepting credit cards as a PTA, please refer to the *Managing Your Nonprofit PTA handbook*.

5.5 Disbursing funds

When a PTA incurs a financial obligation that has been approved by the board of directors or the membership, it is the treasurer's responsibility to pay that obligation on behalf of the PTA.

- All PTA disbursements by check shall be signed by two account signers. Disbursements made by electronic funds transfers require written preapproval by two account signers.
- Never sign a blank check.
- Do not pay obligations with cash.
- A receipt or invoice from the company or person who was paid must be retained for the PTA's records to provide proof the disbursement of funds was proper. Some store receipts fade, so a copy of such a receipt may be better than the original.

PTA credit cards, debit cards, and ATM cards

WSPTA Uniform Bylaws, Article 5, Section 2F says, “Use of a PTA debit card, credit card, or ATM card to disburse local PTA or council funds is not permitted.” This provision reduces the risk of identity theft or unauthorized use of PTA funds. When a credit card is needed for an authorized transaction, the best practice is to have a member make the purchase, then submit a reimbursement request with the receipt to the PTA treasurer.

Purchase orders and e-checks are permitted.

Deposit only ATM cards are acceptable, if your bank offers this service. Each card has a unique card number and individual person identification number (PIN). If deposit cards are used, your PTA must have written procedures to track who receives the cards, the PINs, and when they are to be returned to the PTA.

6. Account management

Each PTA must have at least one bank or credit union account into which it can deposit funds. PTA funds should never be commingled with personal funds or the funds of any other organization. All funds on deposit are covered by federal deposit insurance. The board of directors must approve the opening or closing of any bank account. More information about bank accounts is included in the *Managing Your Nonprofit PTA* handbook.

6.1 Reconciling a bank statement

Account reconciliation should be performed every month, prior to preparing the monthly financial reports. A reconciliation reviews the income and expenses and compares what the bank has recorded with what was recorded in your checkbook or accounting program. The process helps identify discrepancies, bank errors, or fraudulent activity in the PTA’s account during the month. It also identifies authorized transactions that have not yet cleared the account, such as uncashed checks.

You may do reconciliation electronically within your accounting software, by using the paper form on the bank statement, or by using your own customized form.

6.2 Independent review of bank statements

All bank statements should be reviewed by a board member who is not an authorized signer on the account. Association Insurance Management (AIM) fidelity bond insurance requires that bank statements are reviewed, signed, and dated monthly by a person who does not have authorization to sign checks.

The reviewer should look at the original bank statement to ensure the activity shown on the statement matches the current activity of the PTA.

The reviewer should look at photocopies of the checks, if included on the bank statement, to verify that checks are not made out to unexpected places like a cable company or mortgage company, and that the checks have two signatures. If checks are not shown on the statement, the reviewer may look at them online.

The reviewer should verify that if electronic payments were made, two signers pre-approved the payment, and that the electronic payment process is clearly stated in the standing rules. They should sign and date the statement, acknowledging that the items above were reviewed.

For online-only accounts where hard-copy statements are not provided, one or more non-signatory board members may be given “read-only” online access to the account, with the expectation that transactions be reviewed online at least monthly, if not more frequently, and the results of the review reported to the board.

If an electronic statement must be used, a non-signatory board member may download and print a monthly bank statement. The non-signer would review the statement for activity and potential red flags, sign, and date the bank statement, then give it to the treasurer to file.

6.3 Copies of PTA checks

Most banks no longer provide cancelled checks, and many do not provide photocopies or charge a small monthly fee. Many provide “read-only” online access to allow free downloads of copies of checks; this is an acceptable alternative for the non-signer monthly review. After review, the copies should be given to the treasurer for their records.

7. Financial reports

7.1 Monthly reports

A detailed, written financial report must be provided every month, either at a meeting of the board of directors or the membership. If the board or membership does not meet, a report should be delivered to each board member by mail or electronically. This report should be dated the first day of the month through the last day of the month, be prepared after the accounts are reconciled, be written in sufficient detail to clearly show how the PTA received its income and how it spent its funds, and be prepared in the same format as the annual budget.

The report should include a line for each budget item that details:

- The financial figures for the month
- The year-to-date financial figures
- The budgeted amount
- The variance between year-to-date and budgeted amount

Additionally, the report must show the cash balance of all funds at the beginning of the fiscal year, at the beginning of the current reporting period, and at the end of the reporting period in all PTA bank account(s), separated into restricted and unrestricted amounts (see Section 7.3).

Accounting software will often create reports. The treasurer must choose and provide reports that give the board the most complete picture.

The treasurer should have the financial records available at each meeting to be able to respond to questions. The secretary should note in the minutes that a financial report was made each month, and if a financial report was not made, that should also be recorded along with the reason. The reports should not be attached to the minutes.

7.2 Annual reports

At the end of the fiscal year (June 30), the treasurer should prepare an annual financial report. This report should be dated July 1 through June 30. The report should show:

- The cash balance of funds at the beginning of the fiscal year, including all PTA accounts, separated into restricted and unrestricted accounts.
- All the actual income for the entire year, grouped by line items in the budget.
- All the actual expenses for the entire year, grouped by line items in the budget.
- The year's budgeted income/expense amounts for each line item.
- The variance between the actual amounts and the budgeted amounts.
- The cash balance of funds at the end of the fiscal year, including all PTA accounts, separated into restricted and unrestricted accounts.

This annual report should be attached to the minutes as part of the permanent record of the PTA; however, monthly financial reports should only be noted as “presented” in the minutes and should not be attached.

7.3 Grants, restricted funds, and designated funds

Grants generally come with a contract and a set of expectations. Money or a resource is given to the PTA with the expectation that it will be used in a pre-determined way, and may be accompanied by rules that the PTA must follow as it implements the proposal that was funded. Typical rules include accurate tracking, documenting, and reporting of funds that have been spent. Grants often require that unused funds are returned, or that the PTA obtain permission before spending these funds in a way other than specifically authorized.

Restricted funds are funds with limitations placed by the donor, such as a grant or a donation for a specific purpose. Legally, the funds must be used in accordance with the wishes of the donor or the advertised purpose of the special event that brought in the associated income. Funds donated for PTA membership subsidies are considered restricted funds. The restriction can only be modified with the consent of the donor. In the case of a restricted fund where many people have donated, the PTA would need permission from every donor.

Designated funds are funds that a PTA's membership votes to set aside for a specific purpose. The purpose of the fund and how it furthers the PTA's mission should be stated. To establish a designated fund, the board of your PTA should pass a motion that defines how revenue into the

fund will be generated and the way the funds may be spent. The motion should then be approved at a membership meeting. The membership may designate funds to be used for membership subsidies (see *WSPTA Policy*, section 3.2.5.) Funds in a designated fund can be “undesigned” by a vote of the membership.

Income and expenditures for designated and restricted funds, as well as current balances, are reported as part of the monthly and annual financial reports. Restricted and designated funds should be reported at the bottom of the monthly financial report separate from a PTA’s income and expenses. Balances in restricted and designated funds carry forward to the next fiscal year.

8. Membership dues

Dues collected during online member registration through the membership database are transferred electronically to the PTA bank account. Each local PTA must have a bank account established in the database to receive these funds, per *WSPTA Policy*.

Invoices for the membership dues portions payable to Washington State PTA and National PTA are generated monthly between the 5th and 10th of each month. Each invoice will include a list of new memberships added to the database for the billing period since the previous invoice. Check the invoices with the membership chair to ensure they are correct. Errors should be reported to the WSPTA office at support@wastatepta.org before the invoices are paid. Overpayments to WSPTA cannot be refunded. Make sure that there are no duplicate entries listed in the membership database and that dues are paid correctly.

Payments shall automatically be made in full via e-payment (ACH) payments on the due date shown on the invoice. PTAs are required to utilize the e-payment option in the membership database to pay membership dues. The treasurer should document the approval of the other account signers for setting up the ACH payment.

Council fees

PTAs that are part of a council will receive a separate invoice for council fees, and these fees will be debited from the PTA account via an ACH payment on the date shown on the invoice.

Councils will receive their per member fees monthly, deposited into their bank account. Councils and each local PTA must have a bank account associated with the database ACH system for processing fee payments.

9. Internal Revenue Service (IRS)

The IRS is the federal agency responsible for many of the regulations which govern PTAs. It is important for PTA boards and treasurers to be aware of the ways in which IRS regulations impact their responsibilities. PTA treasurers should learn more about these regulations by attending a *PTA and the Law* class and reading the *PTA and the Law* handbook.

The IRS:

- Issues a PTA's Employer Identification Number, or EIN.
- Approves a PTA's tax-exempt status under Section 501(c)3 or 501(c)4.
- Sets regulations regarding charitable contributions.
- Receives yearly informational filings of IRS Forms 990, 990-EZ, and 990-N.
- Sets regulations regarding Form W-9 and Form 1099-NEC filings for independent contractors.

The IRS requires form 8822-B to be completed any time there is a change in responsible party for a PTA. The responsible party is usually the President or Treasurer; it is the person who signs the 990 information return. The address for the WSPTA office can be put on the form.

10. Other legal requirements

10.1 Registered Agent

Every corporation doing business in Washington state, including PTAs, must have a "registered agent." This is the person or entity to which the state of Washington and the IRS send all reports, forms, and notices to the corporation. It is the responsibility of the registered agent to send that information and material to the appropriate officer of the organization. It is recommended that each PTA select Washington State PTA as its registered agent, a service provided free by WSPTA.

To change your registered agent to WSPTA with the Washington Secretary of State, you can access a [Statement of Change](#). You can also update registered agent information at the time of filing a Nonprofit Corporation Annual Report.

10.2 Nonprofit Corporation Annual Report

To maintain its nonprofit status, each PTA must file an annual report with the Corporations Division of Washington's Secretary of State in the anniversary month of the PTA's incorporation. This filing is one online and has a \$10 filing fee.

A PTA may be administratively dissolved by the Secretary of State if the annual report is not filed in a timely manner. When this happens, the PTA is no longer a nonprofit corporation and may lose its tax-exempt status with the IRS. To reinstate a PTA's corporate status, contact the WSPTA office for assistance.

10.3 Charitable Solicitations Act

The Washington Charitable Solicitations Act requires certain charities be registered with the charities program of the Secretary of State. Because PTAs are tax-exempt organizations, these requirements apply to them. The type and cost of registration depend on the total income received by the PTA during a fiscal year.

For PTAs with total income of \$50,000* or more in a fiscal year

Charitable Organization registration is required, as is the annual renewal that must be filed every year no later than May 31 following the end of the fiscal year. The cost of registration is \$60, and the annual renewal fee is \$40. A late fee of \$50 is charged if the annual renewal is not filed on time. **

For PTAs receiving total income* of less than \$50,000:

Even though PTAs with a total income of less than \$50,000 are not required to register, WSPTA encourages them to file the optional registration form, which can be completed online and is free. **It is important to note that once a PTA has created an account with the Secretary of State, they must update it yearly, even if filing is optional.**

Note: PTAs with total income* of less than \$50,000 who hire a commercial fundraiser to assist with fundraising activity are required to complete a registration form. More information is available in PTA and the Law.

*Total income: All income from every source before any deductions for expenses. (For the Charities Program, this includes all dues paid by your members, including the portion forwarded to WSPTA for WSPTA and National PTA dues and council fees.)

** The Charitable Organization registration renewal must be received by the Secretary of State office by May 31. Washington's Secretary of State has an online submittal portal (sos.wa.gov), or paper forms may be downloaded and mailed (allow extra time for this option.)

10.4 Reseller permit

A reseller permit is issued by the Washington State Department of Revenue to allow PTAs to purchase goods intended for resale without having to pay sales tax on the original purchase. If you run a business (e.g., student store, concessions stand, etc.) that purchases items to resell, you should obtain a reseller permit to avoid any unnecessary tax consequences for your purchases.

The PTA may not use a reseller permit to buy:

- Items for personal or household use.
- Items to be given away.
- Items used in the business, such as supplies and equipment.

Reseller permits are free and available online from the Department of Revenue.

<https://dor.wa.gov/find-taxes-rates/retail-sales-tax/reseller-permits>

11. Budget development

The budget for the next fiscal year (July 1 - June 30) should be developed and approved before the end of the current fiscal year (June 30). This enables the PTA to spend budgeted funds on July 1.

There are three basic steps in developing a budget.

1. Determine the PTA's goals and objectives and assign costs to them.
2. Develop a revenue source to cover the costs of the goals and objectives.
3. Balance steps one and two.

Note: *Without an approved budget, the PTA does not have the authority to spend money for any purpose.*

A budget or finance committee usually develops the budget. The treasurer chairs the committee. Its members should include other PTA leaders who have knowledge of past activities and what plans are appropriate for the PTA in the future. Both incoming and outgoing officers may serve on this committee. It can also help with the transition between outgoing and incoming treasurers.

12. Financial review

In accordance with the *WSPTA Uniform Bylaws*, the PTA treasurer is required to close the books as of June 30 and submit the books for a financial review within 30 days.

The financial review involves an examination of the financial transactions of the PTA, and the procedures used to conduct those transactions. It is the treasurer's responsibility to gather all financial records for delivery to the financial review committee. The treasurer may choose to do a mock review to check for any errors or missing information prior to the actual financial review. The treasurer, while not a member of the financial review committee, is a resource for the committee. The treasurer is normally not physically present when the financial review committee meets but should be available by phone to answer questions.

A mid-year financial review is strongly recommended for all PTAs. This financial review should be conducted in the same manner as the one at the end of the fiscal year.

Items to be delivered to the financial review committee are listed on the *Financial Review Checklist*. See also *Managing Your Nonprofit PTA Handbook*.

Note: *The PTA is obligated to continue paying its debts – even while the financial review is being conducted. Generally, this does not present a problem because the financial review will take only a few days. However, when extra time is required for the financial review, the board of directors may authorize the writing of a check or checks so the PTA may meet its legal and financial obligations.*

13. Transition

Upon leaving office, the treasurer should perform the following to provide a smooth transition for the incoming treasurer:

- Participate in the development of the budget for the next year.
- Verify that all membership dues have been paid.
- Pay any outstanding bills.
- Complete the June 30 monthly financial report.
- Ensure all transactions are entered and the bank reconciliations are up-to-date for the entire year.
- Complete the annual financial report.
- Note any items that the incoming treasurer needs to address that might be unusual (e.g., outstanding or NSF checks, etc.).
- Complete IRS Form 990, 990-EZ or 990-N.
- Ensure the treasurer's notebook is up-to-date and organized.
- Submit the books/records to the financial review committee.
- Ensure that all banking supplies are stocked.
- Train the incoming treasurer and make sure they know how to access resources on the WSPTA website.
- Ensure the new treasurer has the login information for all PTA online accounts, and changes the passwords after July 1.