



Peralta District PTA
313 W. Winton Ave. Hayward, CA 94544-1198

TAX PREPARATION CHECKLIST

The purpose of this form is to assist your tax preparer in understanding your PTA Annual Financial Report. An independent tax preparer is not always familiar with PTA procedures and programs, and this checklist can be used to help him/her fill out your IRS 990/990-EZ Informational Return. Forms 990 and 990-EZ have slightly different lines for reporting information, but the required information is similar.

Accounting Period Dates: _____ to _____
Usually July 1st, 200X to June 30th, 200XI

Check box _____ if this is NOT a normal 990/990-EZ for your PTA, such as initial return for either a new unit or if you are filing for the very first time, a final return (unit disbanding) or other changes such as address change, name change, or amended return.

Use IRS label for address label. If you don't have one, provide the accountant with the full name of your PTA and the official PTA address.

EIN: Found on the last or second-to-last regular page of your bylaws: _____

School Telephone Number: _____

Group Exemption Number: for California: 0646.

Accounting Method: Cash

Check if PTA is NOT required to attach Schedule B: _____

Schedule B deals with donations over \$5,000 received from a single donor.

Web site if applicable: _____

Organization type: 501(c)(3).

Check if the organization's gross receipts are NOT normally more than \$25,000. _____

Form 990 has several boxes for returns for affiliates. You are not filing a return for an affiliate.

If gross revenue is over \$100,000, file form 990 instead of 990-EZ. GROSS REVENUE, FOR UNITS, IS EVERYTHING DEPOSITED INTO THE BANK ACCOUNT, INCLUDING INTEREST BUT NOT INCLUDING DUES PASSED ON TO COUNCIL/ DISTRICT /STATE/ NATIONAL PTA.

Income

Contributions are donations, grants received, sweepstakes, raffles, lotteries, collections, and E-scrip. List your line items that are contributions. For raffles, the difference in the price of an object sold and its actual value is a donation. For Form 990: most PTA donations are direct public support. Indirect public support refers to contributions received from such organizations as United Way and contributions from a parent organization or an independent organization. PTA rarely gets government grants. List your line-item contributions received, including extra donations received during a membership drive. (See membership dues.)

Continued.

TAX PREPARATION CHECKLIST, Continued.

Contributions, Continued.

Programs are those activities that form the basis of an organization’s exemption from tax. For PTA, this includes activities such as Emergency Preparedness, Health and Safety, Hospitality, Parent Education, Any Programs for students that are carried out directly by the PTA, Red Ribbon Week, Reflections, Founders Day, and any other activities sponsored directly by the PTA. List the line items of your PTA programs.

Membership Dues and Assessments: List the number of members you have and the **total dues (per caps)** to the unit that were received. Place the dues for affiliates (council, district, state and national) on a separate line. **When filling out your tax form, this affiliate, pass-through amount will not be included.** Any donations received by the membership chairman during the membership drive over and above the regular dues assessment should be reported as contributions.

Number of unit members: _____ @ _____ per member

UNIT dues received: line item _____ and \$ _____

AFFILIATE DUES RECEIVED: line item: _____ and \$ _____

Interest on savings and temporary cash investments:

Checking account number: # _____

Savings Account numbers: # _____ # _____

All checking and savings accounts should be audited (a separate audit form for each account) before being given to the accountant.

PTAs do not usually have dividends and interest from securities. PTAs do not usually have sales of assets other than inventory. PTAs do not usually have rental income or other investment income.

Special Events (a.k.a. Fundraising) _____ Gaming

Special events are activities whose sole purpose is to raise funds (that are other than contributions) to finance the organization’s exempt activities. Special events may generate both revenue and contributions. They may include such activities as dinners, dances, carnivals, raffles, bingo games, other gaming activities, and sales of merchandise. Check the box for “Gaming” if the organization conducted any amount of gaming during the year. Gaming includes but is not limited to bingo, pull tabs, raffles, scratch-offs, charitable gaming tickets, cards, break-opens, casino nights, coin-operated gambling devices, etc. See page 21 of the 990 instructions or page 39 of the 990-EZ instructions for a complete list of gaming activities. Special Events may include jog-a-thons, book fairs*, gift wrap sales, candy sales, ice cream sales, and SCRIP income and expense. List the line items of your PTA special events here. Use reverse side if necessary.

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TAX PREPARATION CHECKLIST, Continued.

Special Events, Continued _____

* Book Fairs: a book fair that sells books at cost or at a loss to low-income students can be considered a program. Also a program is a book fair that takes its profits in books. A book fair that sells books at retail value is a fund raiser/special event. The unit should be able to distinguish between the two.

Gross sales of inventory:

PTAs often sell T-shirts and other school merchandise. Enter the line item of your inventory purchases/sales.

Name of item: _____ Name of item: _____
Name of item: _____

This section is **NOT INCLUDED** in the budget. It is required for the tax form only. List the name of your merchandise line item and the sale price. Then compute the purchase price. The original purchase price doesn't appear here -- it has to be sold to be listed on this part of the form. If you sell your merchandise at a constant mark-up (for example, 20%), determining the purchase price from the sales price should be easy.

Merchandise item A: _____
Total sales: _____ TS Purchase price: _____ TS/120% (example)
Merchandise item B: _____
Total sales: _____ TS Purchase price: _____ TS/120% (example)
Merchandise item C: _____
Total sales: _____ TS Purchase price: _____ TS/120% (example)

Grants/allotments/allocations paid. Allotments: funds transferred to the school, school district or another 501(c)(3) organization for items / programs that the PTA chooses to support. Allotments may include and are not limited to student activities such as Science Camp or Great America, purchase and/or upkeep of playground equipment, computers and copiers, and payment for emergency equipment, assemblies, and after-school instructional programs. The guideline to determining whether or not a program is a PTA program or a school program is: **Who signed the contract?** If the PTA president signed the contract, the program is a PTA program. If the school / school district signed the contract, the program is a school program/activity.

Attach a schedule for each item in this category. Indicate the line item of any grants paid.

Teacher allotments: _____ Scholarships paid: _____
Other grants paid: _____

Continued.

TAX PREPARATION CHECKLIST, Continued.

Allotments paid: _____

Funds not belonging to the unit

Membership dues - per caps - payable to council, district, state and National PTAs: Per caps not belonging to unit: line item _____ and \$ _____

Founders Day Goodwill Offering collected from the membership.

Line item: _____ and \$ _____

PTA does not give assistance to individuals or pay benefits to or for members. There is no compensation to officers or directors.

List professional fees and other payments to independent contractors. These people were or will be listed on your Worker's Comp form. List line item of the budget. More paperwork will be required for any individual paid over \$600 per year. See the Toolkit for details.

Professional fundraising fees: _____

Accountant's fees for completing IRS 990/990-EZ Return: _____

Fees paid directly to a person such as a janitor or babysitter*: _____

_____ If fees are over \$600 to one person, additional paperwork must be filled out.

Fees paid **directly (contract signed by PTA president)** to providers of school assemblies: _____

Other professional fees: _____

PTAs usually do not have occupancy, rent, utilities, and maintenance expenses.

Supplies, including Membership Envelopes: _____

Printing, publications, postage and shipping: enter line items from the budget detailing these expenses.

Printing, copying: _____ Postage, shipping: _____

***Babysitting (with parents on premises) is NOT the same as child care (parents off premises.)** Many times, PTA units format their budget with a line item called "Officers' Expenses." This is not a salary or an expense account but actually a collection of expenses that should be apportioned to other categories. The accountant may have to go through this account one expense at a time to pull out which expense goes to which category. In future budgets, it would be best NOT to have a line item called "Officers' Expenses."

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TAX PREPARATION CHECKLIST, Continued.

Other expenses: conferences, conventions, and meetings, contribution expenses, insurance, organizational, awards/past president's pin, transportation/travel: enter budget line item for these categories.

Conference registrations: _____

Convention registrations: _____

Insurance and Worker's Comp forwarded to council or district PTA: _____

Awards/Past President's Pin: _____ Organizational: _____

Travel: transportation and meals: _____

Management and general:

PTAs generally are not employers and do not have expenses of an employer. If your PTA is an employer, enter the line item of these expenses. Your accountant may already have these figures.

Compensation of officers: _____ Other salaries and wages: _____

Pension plan contributions: _____ Other employee benefits: _____

Payroll taxes: _____ Professional fundraising fees: _____

Legal fees: _____ Telephone: _____

Other expenses not listed: _____

Expenses PTAs are not likely to have are: specific assistance to any individual, benefits paid for members, occupancy, equipment rental and maintenance, interest expense, and depreciation and depletion.

Joint Costs: PTAs are not usually involved in campaign and fundraising solicitation or in lobbying or other political activities.

Balance sheet:

Most PTAs have only a checking account and one or more savings accounts as assets.

Because PTAs operate on a cash accounting basis, there are no liabilities or no accounts receivable or payable on the tax forms. An example is as follows:

Part II Balance Sheets

	(A) Beginning of year	(B) End of year
Cash, savings and investments.....	25,000	29,000
Land and Buildings.....	0	0
Other assets (describe)_____		
Total assets.....	25,000	29,000
Total liabilities (describe)_____	0	0
Net assets or fund balances (line must agree with Part I net assets at end of year).....	25,000	29,000

Get "beginning of the year" figure from the previous year's IRS form. The \$4,000 difference is the excess or deficit of the year (total revenue minus total expenses) as reported in **Part I**.

Inventories for sale or use are usually those of school clothing or merchandise with a school logo. This does not ask for income and expenses; rather, it asks for the value of the stock you still have in inventory as of June 30, 200XI. Enter value of inventory: \$_____

PTAs do not generally have investments, land, buildings, and other assets. PTAs do not make loans to individuals or other organizations. PTAs do not sell stock.

Total assets will generally be checking and savings account balances and inventory in stock.

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TAX PREPARATION CHECKLIST, Continued.

Fill out officer names and hours worked. Compensation for all is zero.

List of Officers, Titles, and Average Hours Worked per Week:

President: Name: _____	Hours volunteered per week: _____
Vice President: Name: _____	Hours volunteered per week: _____
Secretary: Name: _____	Hours volunteered per week: _____
Treasurer: Name: _____	Hours volunteered per week: _____
2 nd Vice President: Name: _____	Hours volunteered per week: _____
Financial Secretary: Name: _____	Hours volunteered per week: _____
Parliamentarian: Name: _____	Hours volunteered per week: _____
3 rd Vice President: Name: _____	Hours volunteered per week: _____
Auditor: Name: _____	Hours volunteered per week: _____
Other Officer/Chairman: Name: _____	Hours volunteered per week: _____

The only category under "Other Information" that usually applies to PTAs is the one about Unrelated Business Income. If the PTA has unrelated business gross income of \$1,000 or more, form 990-T must be completed by the accountant. Consult with him/her on this issue.

Unrelated Business Income: PTAs with over \$1,000 of unrelated business income must file IRS Form 990-T and Franchise Tax Board Form 109 in addition to declaring the income on the 990/990-EZ form.

UBI comes from: (1) a trade or business actively engaged in whether or not a profit is made; (2) regularly carried on by the PTA or is carried on irregularly as also performed by a commercial company; or (3) comes from an activity unrelated to the organization's tax-exempt purpose. The destination or use of the income has no bearing on determining whether or not it is UBI.

Most PTA fund-raising activities are exempt from federal income taxes because of the following: (1) they are conducted only once per year; (2) eight-five percent of the work of the activity is conducted by volunteers; (3) the activities consist of selling donated merchandise.

IRS Guideline: UBI less than 5% of gross income does not affect exemption. UBI between 5% to 20% may jeopardize exemption. UBI in excess of 20% will in most cases be a cause of revocation. Please consult IRS Publication 598 for more information.

A copy of this return is not filed with any State including the one in which the PTA is chartered.

The books are in care of the treasurer whose name, address and phone number are listed here.

Name: _____ Street Address: _____

City, State, Zip: _____ Telephone number: _____

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TAX PREPARATION CHECKLIST, Continued.

Statement of Program Service Accomplishments

What is the organization's primary exempt purpose?

The "official" exempt purpose of the PTA is "educational, charitable, philanthropic."

You may elaborate on this purpose. One small line on the tax form is provided for this answer. You can answer this question on an attached sheet according to the programs your PTA is supporting. An example of this statement might be:

FORM 990-EZ 200X-200XI PART III – STATEMENT OF ORGANIZATION'S
PRIMARY EXEMPT PURPOSE

DESCRIPTION:

TO SUPPORT AND ENRICH THE EDUCATIONAL OPPORTUNITIES OF THE STUDENTS OF JOHN Q. ADAMS ELEMENTARY SCHOOL BY MEANS OF PARENT EDUCATION, PROGRAMS FOR STUDENTS, AND SUPPORT OF TEACHERS AND ADMINISTRATORS.

Describe what was achieved in carrying out the organization's exempt purposes. Describe the services provided, the number of persons benefited, or other relevant information for each program title.*

FORM 990-EZ 200X-200XI PART III – STATEMENT OF ORGANIZATION'S
PRIMARY EXEMPT PURPOSE

DESCRIPTION:

a. 6th GRADE OUTDOOR EDUCATION AT CAMP CAMPBELL IN THE SANTA CRUZ MOUNTAINS PROVIDES 165 STUDENTS WITH UNIQUE HANDS-ON OPPORTUNITIES TO STUDY PLANT AND ANIMAL LIFE IN AN OUT-OF-CLASSROOM SETTING. THIS YEAR PTA PROVIDED PARTIAL FUNDING FOR THIS SCHOOL PROGRAM.

b. THE JOHN Q. ADAMS PTA PAID FOR (VIA THE SCHOOL DISTRICT) FOUR ASSEMBLIES THE PAST SCHOOL YEAR. ALL 660 STUDENTS WERE ABLE TO ATTEND. THE ASSEMBLIES COVERED THE FOLLOWING TOPICS; "EDUCATIONAL OPPORTUNITIES IN THE TECHNOLOGICAL FIELDS," RECYCLING OPPORTUNITIES IN YOUR SCHOOL AND COMMUNITY," BOOKS-COMPUTERS-???" AND "THE IMPORTANT CONNECTION BETWEEN MAN AND NATURE." OUR STUDENTS HAVE BECOME MORE AWARE OF LIFE BEYOND THEIR OWN FAMILIES AND SCHOOL.

* Although these are descriptions of school programs partially or fully paid for by the PTA, such programs do reflect the Organization's exempt purpose. The State / National PTA encourage unit PTAs to reimburse the school or school district for such programs to avoid the complications of being an employer or to avoid liability issues. Although Founders Day and Reflections are better examples of PTA programs, they are not the high-dollar items that the IRS is looking for. Nor is the IRS interested in copier support or computer maintenance. The spirit of this question is: "What did you do last year for your constituent population?"

We cannot emphasize enough the importance of filing your 990 or 990-EZ and Schedule A forms ON TIME. The IRS has recently and increasingly fined units that have filed late, after November 15th of each year (with the fiscal year ending June 30th.) The District and State PTA can do very little to help you get these fines reduced. Your unit PTA board is responsible for seeing that this paperwork is done on time.

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