

MONEY MATTERS FAQs

How should our PTO be maintaining our financial records?

It is recommended that PTOs purchase financial software to maintain their financial records. QuickBooks and Quicken are two options that are readily available, however each PTO can decide what works best for their situation. Excel spreadsheets are not recommended as they can be easily manipulated and changed. In addition to that Excel spreadsheets can be misplaced in Treasurer hand-overs and as a result the PTO financial history is lost.

How many signers should we have on the PTO bank account?

It is recommended that there are at least TWO signatories on PTO bank accounts for the following reasons:

- Should one signer unexpectedly be unavailable, the second signer is able to continue with PTO business and pay bills and reimbursements.
- Should a signer submit a request for reimbursement, he/she cannot sign his/her own check.
- Many PTOs have a requirement in their financial policies that checks over a certain amount require two signatures. This is a good safe guard to avoid any fraudulent activity on the account.

Does our PTO have to have a Financial Policy?

Yes, it is a mandatory requirement for every PTO to have a Financial Policy that details rules and regulations around accepting and spending money via cash, credit cards and online. Please refer to the Sample Financial Policy which can be found on our website at www.ccparentscouncil.org.

How long should the PTO keep books and minutes of meetings on file?

Public charities must keep records for federal tax purposes for as long as they may be needed to document evidence of compliance with provisions of the Code. Generally, this means the organization must keep records that support an item of income or deduction on a return until the statute of limitations for that return runs. The statute of limitations has run when the organization can no longer amend its return and the IRS can no longer assess additional tax. **Generally, the statute of limitations runs three years after the date the return is due or filed, whichever is later.**

An organization may need to retain records longer for other legal purposes such as may be needed in court at a later date, or state or local tax purposes.

Record Retention Periods - Record retention periods vary depending on the types of records and returns. **Permanent Records** – Some records should be kept permanently. These include the application for recognition of

tax-exempt status, the determination letter recognizing tax-exempt status, and organizing documents, such as articles of incorporation and by-laws, with amendments, as well as board minutes.

Records for Non-Tax Purposes – When records are no longer needed for tax purposes, an organization should keep them until they are no longer needed for non-tax purposes.

For example, a grantor, insurance company, creditor, or state agency may require that records be kept longer than the IRS requires. Public charities must keep records for federal tax purposes for as long as they may be needed to document evidence of compliance with provisions of the Code. **Generally, this means the organization must keep records that support an item of income or deduction on a return until the statute of limitations for that return runs.** The statute of limitations has run when the organization can no longer amend its return and the IRS can no longer assess additional tax. Generally, the statute of limitations runs three years after the date the return is due or filed, whichever is later.

An organization may need to retain records longer for other legal purposes such as court requirements, or for state or local tax purposes. Record Retention Periods vary depending on the types of records and returns.

To err on the side of caution, it is recommended that you keep financial records for seven years.

Can PTO money be used to pay for our Continuation Ceremony?

PTO money can be used for certain items for continuation. These items include anything “school related” such as program printing and the ceremony. It should not be used for the party such as food, decorations, DJ etc. Funds for food and entertainment should come from parent donations that go directly to the school or the Continuation Committee and cannot be channeled through the PTO.

Can our PTO money be used for teacher gifts?

No, PTO money cannot be used to benefit individuals. PTO money can be used for classroom supplies to help teachers but NOT for individual teacher gifts.

Can our PTO money be used for families that need help and can our PTO fundraise for families that need help?

No, PTO money cannot be gifted to families in need. In terms of fundraising for families in need, your PTO can provide volunteers and help to advertise

the fundraiser but cannot provide monetary support and none of the money raised can be channeled through the PTO account.

Our PTO granted some money to a project that was not all used up. What happens to the money? What is the procedure to reallocate money?

The excess funds must be returned to your PTO for reallocation. Check your Bylaws but typically the money is returned to your general funds to be used in the next round of allocations or you can hold a PTO General Meeting and by a vote reallocate the money to another project.

Can our PTO help pay for a teacher's salary?

PTO funds may be used for the purpose of providing paraprofessional support to schools, but may not be used to fund licensed staff positions.

Should unused grants be returned to the PTO?

Yes, unused grants must be returned to the PTO unless an explanation is provided as to why it was not spent and why the school wishes to keep the money e.g. the order was submitted but is payable on receipt and the order was delayed or the item is not in stock but will be available in a month's time.

Can our PTO grant funds to preschool in their building?

Yes, as long as the preschool is chartered under the school and not a private entity. Many elementary schools have added preschools in their building. It has been jointly agreed upon by the district and Parents' Council that the preschool parents and projects be integrated into the elementary school PTO. These parents are a great resource to the PTO and their fundraising and community events are to be an integrated part of the community. Their parents should be invited to any other appropriate school activity. Their activities should be treated similar to 5th grade continuation or any club activities. Their finances must be treated just as any other PTO activity. Please contact the Parents' Council Treasurer if guidance is needed on bookkeeping, fundraising, etc.

Can we give gift cards to teachers with Earning 4 Learning money?

No. No money (either in check/cash or gift cards) should be given directly to teachers. The money should be granted to the school and not directly to teachers. Keep your PTO away from schemes where teachers benefit from donations, give back programs or fundraising.

When do we need to file our tax return and which form do we use?

The annual Federal Tax Return is due NO LATER than **November 15th** each year.

- If the GROSS income of your PTO is usually \$50,000 or less in a financial year, a 990-N (e-postcard) is filed.
- If the GROSS income is usually between \$50,000 and \$200,000 in a financial year, the form 990-EZ and all required schedules must be filed.
- If the GROSS income is usually more than \$200,000 in a financial year, a Form 990 and all required schedules must be filed. It is recommended that you hire a tax expert to submit your filings.

The Colorado Charitable Organization Annual Financial Statement is due November 15th each year and uses information from your Profit and Loss Statement and Balance Sheet if you have filed a 990-N, or information from your tax return if you have filed a 990-EZ or 990 Form.

The Colorado Charitable Organization Registration is due each year on the registration renewal date (this date varies for each PTO).

Our PTO has lost their sales tax exemption certificate. How do I get a new one?

Call the CO Department of Revenue. If the certificate was issued fairly recently, they might be able to send you a replacement. If that is not possible, fill out a form available on the Department of Revenue website and send your original determination letter along with an updated listing, a letter from the Parents' Council treasurer along with your request on school letterhead.

Should our PTO be involved in negotiating and signing vendor contracts?

YES to negotiating contracts and NO to signing contracts. Your PTO will be involved on a negotiation and proposal level but all contracts MUST be signed by the Principal after getting District Risk Management approval of contracts.

Should the PTO send 1099-MISC Forms?

Any vendor that receives a cumulative payment of \$600 or more in a Calendar year (January through December) should receive a 1099-MISC. To determine if they are 1099-MISC eligible, please request a W-9 form from them. If they complete the W-9 as a Corporation, they do not get a 1099-MISC regardless of the dollar amount paid out.

Do we need to carry insurance for off-site events/activities?

Your PTO should carry its own insurance if you do not want to follow the rules and regulations of the district for an off-site event. Homeowners can host PTO related events, but the homeowner is responsible in the event of an accident and not the district.

If a vendor/company provides services to our school, what do I need them to do?

Vendors need to:

- Have Principal approval
- Meet the District's insurance requirements
- Provide a Certificate of Insurance

For School Sponsored Events:

- All contracts need to be submitted two weeks in advance, by the school, to the District's legal department for review & Principal to sign.
- Vendor payments through the District require the school/Office Manager to contact accounts payable to set up the vendor.

When working with vendors, see if they have a CCSD previously negotiated contract to provide. This will help speed up the contract review process when the school submits it to legal. There is not an approved vendor list since the vendor's insurance expires annually and/or can lapse at any time. The school can access a vendor insurance list on the Risk Management Backyard page to ensure current insurance is on file with the District. If a vendor list is created, please note the vendor cannot be used until insurance is verified and contracts are reviewed by legal with Principal signature.

Does our PTO have to acknowledge donations and what is the timeline?

It is good practice to acknowledge donations made to your PTO however it is not mandatory. Donations of over \$250.00 per calendar year should be acknowledged.

Do we have to acknowledge non-cash donations?

In the case of an in-kind donation (non-cash) e.g. artwork, a signed football, gift basket etc. you are not required to send written acknowledgement but it is good practice to thank your donor(s). Please be aware that you are not required to put a monetary value on the item. Your only responsibility is to provide a description of the item and not a valuation.

What is the difference between Advertising and Sponsorship?

Advertising contains language containing price information, dollar savings, dollar value, endorsements, and inducements to purchase or use products and services

Sponsorship simply acknowledges a business name, logo, product line, service, and location or contact details. It's a good faith donation in exchange for no goods or services.

Are we allowed to sell advertising space in our School Directory?

Yes, but please be aware of the IRS rules around advertising. Advertising

can constitute Unrelated Business Taxable Income (UBTI). If you collect more than \$1,000 of unrelated business income in a calendar year (January through December), a separate tax return (990-T) must be filed with the IRS. It is Parents' Council's recommendation to sell sponsorship space in your school directory rather than advertising as the UBTI rules do not apply to sponsorship.

Are we allowed to advertise our school restaurant nights?

Yes, but the same UBTI rules apply as explained in the question above. Rather than "advertising" your school restaurant night with flyers that detail the \$ value or the give back % that your school will earn, it is best to "promote" the event with general language such, "Come and support our school at XXXXX Restaurant".

Our PTO would like to organize a Bingo Event, is that allowed?

Not unless you have a Bingo License and a Certified Bingo Master to call the event. You may apply for a bingo license with the Colorado Secretary of State but be aware that there are stringent rules around how volunteers and finances are handled and reported. The best form of training or information gathering is to connect with a school that is licensed to hold bingo events.

We have a school parent who is a consultant with a Direct Marketing company and she would like to promote her business through the PTO and donate a portion of proceeds from sales back to the school?

There are many Direct Marketing companies out there ranging from kitchen supplies to clothing and facial cosmetics to cleaning products. We strongly advise PTOs not to get involved in this type of fundraising as it could lead to complications and disputes within the parent community.

Do we have to have a written grant process and use grant request forms in order to allocate PTO funds?

Yes. All grants should be submitted in writing to your PTO. Make sure you approve grants according to your PTO bylaws and budget.

How many times a year should we allocate grants?

Your school should have at least one grant cycle a year. Teacher grant requests should be submitted in accordance with your grant cycle deadlines. All grants for a particular cycle should be evaluated at the same time in order to prioritize limited funding.

Do we have to involve our Principal in our grant approval process?

It is advisable to involve your Principal in the grant process as he/she can help with prioritizing requests and can also advise whether he/she has funds

already set aside or available for a particular grant request. Your Principal does not decide how or where your PTO money is spent.

Our Destination Imagination team has requested funds from PTO. Are we allowed to grant them money?

PTO funds can be used for registration fees only and not for any other costs, such as travel or food. Your PTO can help publicize the event but cannot channel any funds raised for the event through your PTO bank account.

Some parents have asked if we can use PTO funds to donate to tornado victims in Texas?

No, you cannot use PTO funds to donate to other non-profit causes or organizations.

What are the spending guidelines for our PTO funds?

If you remember the following, you will be spending PTO funds in accordance with CCSD Parents' Council guidelines:

- Use funds for "educational support"
- Spend funds in a timely manner
- Spend funds for the purpose that they were donated
- Do not spend money to benefit individuals
- Do not carry over large reserves from one year to the next