SC PTA Financial FAQ

Q: How do I **account for membership dues in the budget**?
A: Only the portion of the membership dues that your local unit keeps should be included as income in your budget. For example, if you charge $10 per person for dues, your local unit keeps $5.50 per person (with the remaining $4.50 going toward National ($3.35) and State ($1.25) dues). The IRS considers the portion that dets paid to State/National PTA as "funds held for others" so it doesn't count toward your income for the $50,000 limit to file the 990-N (e-postcard).
Since the money for State/National dues does get deposited and the dues payments get debited from your bank account, you do need to account for those funds – just not within your unit's working budget each year. Putting them below the unit budget in a separate box labeled *Funds Collected for SCPTA/NPTA* and *Funds Remitted to SCPTA/NPTA* is recommended.

Q: How do I get money for a **cash box**?
A: If you are having a event that will require a cash box, determine how much cash you'll need and in what denominations. Two authorized check signers should write a check to the person who will be getting the funds from the bank (typically the event chair or another PTA officer). That person then cashes the check, getting the required change (e.g. 3-$10s, 4-$5s, and 20-$1s). When the cash is placed in the cash box, a cash counting sheet should be completed to document the amount of "seed money" that went into the box. At the end of the event, the cash box should be counted again and separate deposit forms should be completed for the seed money vs the proceeds from the event.
Do not:

- Withdraw money directly from the bank account
- Write checks to "Cash"
- Allow any person to take PTA funds home
- Keep "petty cash" outside the bank account between events
    - the exception to this rule is for PTAs that run a multi-day event (e.g., Santa Shop) or a daily School Store – in these cases the cash box funds may be stored in a PTA safe or similar secured location with limited access
    - check your school/district policies to ensure that storing money on school property is permitted; if money cannot be stored, ask your bank about doing Night Drops

Q: My PTA is doing a **raffle** – do we have to register with the Secretary of State?
A: The Secretary of State's rules regarding raffles can be a bit confusing so make sure you understand what's required before your PTA decides on the type of raffle to hold.
For EXEMPT raffles, you do NOT need to register with the Secretary of State. You are limited to one exempt raffle every 7 days. Exempt raffles are those in which:

- a non-cash prize valued at $950 or less is donated for the raffle ***or***
- 50/50 raffles when the tickets are sold to members or guests of the PTA, but <u>not to the general public</u>. The total value of the proceeds collected cannot exceed $950.00.

If your raffle does not meet the conditions listed above, it is considered NON-EXEMPT and you must register the raffle with the Secretary of State and pay the $50 registration fee (this is in addition to registering as a charitable organization).

There are several additional rules that must be followed when holding a raffle. Details about these rules can be found on the SCPTA.org website under Leader Resources > How To… > Secretary of State or at https://sos.sc.gov/online-filings/charities-pfrs-and-raffles/raffles.

Q: When does my PTA unit have to **register with the Secretary of State**?
A: Only those PTA local units working with a professional fundraising company must submit the annual Registration Statement for a Charitable Organization. A professional fundraising company is any company that is paid, typically as a percentage of the funds raised, to assist your PTA in conducting a fundraiser. Some examples of professional fundraising companies include:

- Boosterthon
- Raise Craze
- Attractions coupon books
- Charleston Wraps
- Palmetto Sports

If you are not sure if the company you use for fundraising is considered a professional fundraising company, please use the search feature on the Secretary of State's website: (https://search.scsos.com/PFRs) or email the Charities Division at charities@sos.sc.gov.

For those PTA local units who do NOT use a professional fundraising company, you are automatically covered by the registration that the SCPTA submits each year. You only need to fill out the Registration Exemption Form found on the SCPTA.org website under Leader Resources > How To…> Secretary of State.

Note Fundraising activities like Spirit Nights at restaurants, Krispy Kreme donut sales, Chick-fil-A biscuit sales, and shave ice/food trucks are NOT included in professional fundraising companies and do NOT require your PTA unit to register with the Secretary of State.

Q: My PTA unit needs to **file the 990-N (e-postcard)** -- do I need to use a CPA?
N: No, you definitely should not pay a CPA to file the 990-N. It is literally 5 basic questions that can easily be answered by nearly anyone. The IRS allows you to e-file your 990-N for free by going to their website: https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard. A step-by-step guide to filing your 990-N can be found on the SCPTA.org website under Leader Resources > How To…> IRS.

Q: My PTA unit needs to **file the 990-EZ**, but paying a CPA is expensive – is there another option?
A: There is a free service through https://efile.form990.org/ that will walk you through completing the form and e-filing the 990-EZ. It is recommended that you print a hard copy of the form to fill in the numbers needed for each box and then enter the information online once you have gathered all the necessary information.

SCPTA is also in the process of developing a list of tax professionals who are willing to assist PTA units in filing their Form 990 at little to no cost. That list will be posted on the SCPTA.org website as soon as it is completed.

Q: My district requires that the PTA submit a **quarterly financial report** – what does that look like?
A: An example of a quarterly financial report suitable to provide to districts that require them can be found on the SCPTA.org website under Leader Resources > How To…> Compliance.