

# The IRS is Looking for YOU!

Since 1976, Ohio PTA and all affiliated local PTA units and councils have been designated as 501(c)(3) organizations. This exempts them from paying federal income tax on gross receipts. Those PTAs who raise more than \$25,000 annually have been required to file an information return detailing the annual income and expenditures.

Beginning in 2008, ALL PTAs who do not have to file a Form 990 with IRS will have to complete an annual electronic notice for tax periods after December, 2006. The annual electronic notice is due by the 15<sup>th</sup> day of the fifth month after the close of the tax period. All PTA units affiliated with the Ohio PTA have a fiscal year end of June 30. **The means that the electronic notice must be filed by November 15.**

The notice will require you to provide the following information:

- Organization's legal name and any other names your organization uses
- Organization mailing address and Web site address (if applicable)
- Organization's employer identification number (EIN)
- Name and address of a principal officer of your organization
- Organization's annual tax period (fiscal year)
- Verify that your organization's annual gross receipts are still normally \$25,000 or less
- Indicate if your organization has terminated (is no longer in business)

OHIO PTA  
"The News"  
Sept-2008

Filing procedures for the E-Postcard are still being developed and will be publicized upon completion of the filing system. In the meantime, PTAs can sign up for Exempt Organization's EO Update, a regular e-mail newsletter that highlights new information posted on the charities pages of [irs.gov](http://irs.gov). To subscribe, go to [www.irs.gov/eo](http://www.irs.gov/eo) and click on "EO Newsletter".

If an organization fails to file the Annual Electronic Notice or Return, for three consecutive years, your tax-exempt status may be revoked as of the filing due date of the third year. If the tax-exempt status is revoked for failing to file the annual electronic notice or information return, such as Form 990, Form 990-EZ or Form 990 PF for three consecutive years, the organization must apply (or reapply) for exemption using Form 1023, Application for Recognition of Exemption, or Form 1024, Application for Exemption under Section 501(a), and pay the appropriate user fee. Reinstatement of the tax exempt status may be retroactive if you can show that you had reasonable cause for not filing the annual electronic notices or information returns.

Share this information with the appropriate individuals in your PTA to make sure all are aware of this new regulation. Make sure to add completion of the form to the job description of the person designated to complete the form. Just a reminder that this applies to ALL non-profit organizations – not just the PTA.

## Don't Worry About It . . . We Trust Her

Famous last words, at best. Did you know that 100% of the embezzlement claims that PTA's file are because someone they trusted with the organization's money broke that trust? More and more PTA's are finding that merely trusting someone isn't good enough. Simply stated, there are certain things that PTA's must do to protect themselves against embezzlement claims.

1. **Have a Two-Signature Check System** – This helps to prevent one person from signing checks for non-PTA approved expenses.
2. **Have Someone Who Does Not Have Check Signing Authority Review the Monthly Bank Statement** – This is not the reconciliation. This person would be looking for inconsistencies such as checks written in non-sequential order, non-approved PTA expenses, as well as to non-approved PTA vendors.
3. **Conduct an Annual Audit** – This can be done by either a CPA or a qualified audit committee appointed by the PTA president. If money is being taken from your PTA, this is the perfect time to nip it in the bud. PTA's who do not conduct an annual audit could have money taken for years by the same person and not know the difference. This is also a requirement of most insurance companies who supply bond policies.
4. **Buy a Blanket Fidelity Bond Policy** – This would cover *anyone* you trust with PTA money. Most PTA's are concerned with liability only (bodily injury occurring at a PTA event). There is just as much, if not more, exposure to embezzlement risks as there is to liability. A bond policy, if all requirements are followed, could replace your stolen funds in the event that someone you trust has taken your organization's funds.

**Ohio PTA requires all local units to carry bonding insurance to be a member in good standing.** For more information on bond insurance, call the Ohio PTA office or AIM at 1-800-876-4044.