

Colorado PTA 2009 Advanced Treasurers' Training

General FAQ's

Q: What should my PTA Unit's fiscal year end be?

A: This is addressed in your bylaws; however, Colorado State PTA recommends a June 30th fiscal year end.

Q: What is required to change our fiscal year end.

A: Changing your year-end is a bylaws amendment, so you have to follow the amendment procedures in Article XVI of the local unit bylaws. You have to File Form 1128 with the IRS to adopt, change, or retain a tax year. **Except:** An exempt organization does not file Form 1128 unless it has changed its tax year within the last 10 calendar year period, and the organization has had an annual requirement to file.

Q: What's the difference between an Internal Revenue Service EIN and a Colorado Secretary of State ID#?

A: All units have their own IRS EIN or Employer Identification Number. This is the number you use to file your 990 Forms. Your Colorado Business Tax ID# is provided to you when you register your PTA with the Colorado Secretary of State.

Q. What is the difference between our IRS EIN and our tax exemption certificate number?

A: All Colorado PTAs are considered subordinate units under the Colorado Congress of Parents and Teachers 501c(3) status. All of the unit's individual EINs are filed with the IRS and are recognized under The Colorado Congress of Parents, Teachers, and Students Grouping. Use your non-profit status 501c(3) EIN number for receipts on donations from donors and filing your tax returns. The tax exemption number is used to purchase items and be exempt from Colorado Sales Tax. All units use the same Tax Exemption Number and can get a copy of the certificate upon request from the COPTA office.

Q: Where can I get proof of our Tax Exempt Status and letter for soliciting corporate donations?

A: Colorado PTA Office has a copy of the IRS letter verifying our tax-exempt status. Copies of this letter are sent to local units upon request, along with a letter issued by Colorado PTA verifying that the local unit in question is a subordinate under our group exemption.

Q: How does our PTA approve funds for items over budget?

A: Refer to your bylaws and or your Standing Rules of Order. Generally small amounts of overages (\$25-\$50) can be approved by the PTA president. Large overages, \$50 dollars or more should be presented to the general membership for approval.

Q: How much money can our PTA carry over every year?

A: There are no hard and fast rules, but as a guideline, you should not carry over more than one-half of your budget for an average year, otherwise the IRS may question your tax exempt purpose. Excess carryovers are an indication the PTA is not giving as much service to children and youth as it should.

Q: Can our PTA pay for a school employee?

A: PTAs should never pay school employees directly. As an organization we discourage these types of expenditures because paying staff is the responsibility of the school district. Also current PTA members cannot obligate future board to continue to pay these expenses, so this expenditure would be up for approval every year. If there is no other source of funds, and your members elect to do so, you can grant the money to the school for them to pay their employee.

Q: Are babysitters that show up weekly or monthly considered employees?

A: No. They would be considered independent contractors. Any person who receives more than \$600 during the year as compensation for such a service is required to complete a form W-9, and you are required to issue a 1099-Misc to them at the end of the calendar year.

Form 990/990EZ/990N FAQ's

Q: What IRS 990 Form is my PTA required to file?

A: If your Gross Revenues (total money collected) are more than \$25,000 you will need to file Form 990EZ – **AND** Schedule A. Gross receipts of \$25,000 or less will need to file Form 990-N, *Electric Notice* (e-Postcard). If your PTA's gross receipts are \$100,000 or greater, you are required to file a form 990 **AND** a Schedule A.

Q: When is my tax form due?

A: If your fiscal year ends May 31st, and your form 990/990EZ/990N is due October 15. All units with a fiscal year end of June 30, your 990/990EZ/990N is due November 15.

Q: Where do I find out information on filing Schedule A?

A: Go to www.irs.gov. Under forms and publications, select "2008 Inst 990 Schedule (A) instructions, and then click on "Review Selected Files" for a printable instruction manual.

Q: How do I complete Schedule A, Part IV. Reason for Non-Private Foundation Status?

A: Mark Line 12. "Organization Meeting the Public Support Tests." Colorado PTA and all tax-exempt units under our umbrella are defined as 509(a) (2) public charities.

Colorado Business Center Filing

NOTE: If you need to file any Colorado Secretary of State reports (i.e. Sales Tax License, Liquor License, Raffle / Bingo License, etc). You will need to register your PTA and obtain a Colorado Business Registration ID#.

Q: Why can't I find my unit's business name or ID on the Secretary of State website?

A: Most all of the units utilize the Colorado PTA's Business Registration ID number. Local units are considered subordinates of the Colorado PTA's umbrella organization ID number. You are not required to have your own PTA Business Registration ID#.

Q. Why can't I find the Colorado PTAs business name on the Secretary of State website?

A: The Colorado PTA is listed under The Colorado Congress of Parents, Teachers, and Students.

Q: Can my unit get a liquor license?

A: Our recommendation is that local units who want to hold events where alcohol is served hold such events at a venue that has a license.

A word of caution about selling alcohol: This type of activity is clearly unrelated to your charitable purpose, and could threaten your status as a tax-exempt organization with the IRS. You should also review the IRS regulations regarding Unrelated Business Income Tax to ensure you are in compliance with these requirements.

Annual Reports

Q. What is an Annual report? Why do I have to file one?

A. Reporting entities are required by law to submit an Annual Report each year with the Secretary of State. A reporting entity is able to update the current name and address of its registered agent and its principal office address by submitting an Annual Report. Submitting the Annual Report also maintains the Good Standing of the entity with the Secretary of State.

Q. How do I find out if my PTA Unit I need to file an Annual Report?

A. To determine whether an entity is required to submit an Annual Report, select "Search business database" in the Business Center of the Secretary of State Web site. You can choose to search by entity name. The entity's Summary page will display the Annual Report Month.

Q. Will I be notified when my Annual Report is due?

A. A notice that an Annual Report is due is mailed to the registered agent for the reporting entity when the entity's Annual Report is due. This report can be filed online and cost \$10 to file.

Colorado Charitable Solicitation Act

Q: Am I required to file any forms with the State of Colorado?

A: If you have over \$25,000 in gross revenue you are required to file the Colorado Solicitation Act Registration. This is an annual form that can be filed online and cost \$10 to file. You will use your income/expense numbers from the IRS 990EZ form to complete the Colorado Solicitation Act Form.

Q: What is the Colorado Charitable Solicitation Act?

A: This filing provides donors to make educated choices regarding which charitable causes to support.

Q: When is my Colorado Solicitation Act registration due?

A: At the same time as your IRS 990, 5 months and 15 days after your fiscal year end.

Q: Where do I register?

A: Secretary of State's website www.sos.state.co.us – Licensing Division – Charitable Solicitations. This is an electronic filing.

Sales Tax Licenses

Q: Do I need a sales tax license?

A: If the charitable organization conducts sales for a total of 12 days or less during a calendar year **and** the **net proceeds** from all these events do not exceed \$25,000 in that calendar year, the sales are not subject to sales tax.

NOTE: House Bill 1013 went into effect on September 1, 2008. You will now longer need to file state sales tax on fundraisers if the proceeds benefit the school. This sales tax exemption **does not apply to** state-collected city and county local sales tax unless they have added the exemption to their ordinances. Refer to the [Colorado Sales/Use Tax Rates \(DR 1002\)](#), to find information on cities and counties that have enacted this exemption

Q: How and where do I get a Sales Tax License?

A: You get the license @ 1375 Sherman Street. 303-238-7378. The cost is \$8 for a two year license. You will get a coupon book sent to you explaining how and when to pay the taxes. You will also need to check with city that the fundraiser is held in and find out what your "Home Rule" is.

Gaming and Raffles

Q: When would I need a Bingo or Raffle License?

A: Anytime you have a game of chance you need to have a license. If somebody is giving you something for a chance to win an item, this is considered a game of chance.

Q: How much does a Bingo or Raffle License cost?

A: A \$100 fee payable to the Secretary of State is required for each new or renewal bingo-raffle license.

Q: Do I need to file any reports with the Secretary of State?

A: Yes, you must file quarterly reports even if you don't have any income for that quarter. No fee is due when the licensee's gross receipt during the covered quarter total less than \$5,000.

Raffle Bingo Check List:

- Get a License (submit: 5 yr. old bylaws, 5 years tax returns, Articles of Incorporation)
- Open Separate Bank Account
- Must have an Official Games Manager – must be present at the event
- Must file Quarterly Reports - \$50 fine if you don't
- Must notify the Colorado Secretary of State of the time and location of every event
- Net proceeds can ONLY be used for the use specified on the raffle application

RESOURCES

Internal Revenue Service

Federal Income Tax Forms: www.irs.ustreas.gov/plain/forms_pubs/forms.html

Check the IRS website: www.irs.gov/eo

Call the IRS Customer Service: 1-877-829-5500

Colorado Secretary of State

Charitable Solicitation Reports: Russell Subiano - ph: 303-894-2200 #6421

Bingo and Raffle License Information: Shannon - ph: 303-894-2200 #6409

Colorado Tax Forms: www.taxcolorado.com