



WENDI HARVEL

Compliance Support Officer

DUTIES

- Educates units and councils on the need for financial compliance.
- Maintains tracker of “In Good Standing” status
- Works with councils and units to mitigate non-compliance.



1008 S. Eight Street
Moor Field
Alhambra, CA 91801



Compliance@PTA1.org



(818) 468-1144



PTA1.org

First District

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COMPLIANCE:

What is it and why is it important?

In the last couple of years, the IRS has been cracking down on nonprofit organizations, and it is more important than ever to ensure that your PTA is following all of the rules. First District PTA is here to help all of our Councils and Out-of-Council Units with this so that your organizations can continue to operate.

Why do we need to be compliant?

Federal tax law provides tax benefits to **nonprofit** organizations recognized as exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). The IRC requires that tax-exempt organizations must **comply** with federal tax law to maintain tax-exempt status and avoid penalties.

What are the filing requirements?

- For the Internal Revenue Services (IRS):
 - Annual Informational Filing - 990 Series
- For the California Franchise Tax Board (FTB):
 - Annual Informational filing – 199 Series
- For the Office of the Attorney General (OAG):
 - Initial Registry of Charitable Trust Registration (CT Number)
 - Annual Registration Renewal Report (RRF-1)

- Charitable Trust Annual Treasurer's Report (CT-TR-1) – Only needed if your annual revenue is less than \$50,000 and you filed a 990-N.
- If you are having a raffle you must register for that with the CT-NRP-1 form. If you registered for a raffle, you need to file a Raffle Report (CT-NRP-2). Remember that you cannot hold a raffle until you get the confirmation letter from the OAG (CT-708).
- Secretary of State (SOS) if you are incorporated:
 - Bi-Annual filing of Statement of Information based on the initial registration date.

How can I check to see if my Council/Out-of-Council Unit is compliant?

- **IRS** - you will need your Federal Employee Identification Number (FEIN). This can be found in your bylaws.
 - You can check status at the following three sites to confirm that all filings are up to date:
 - <https://apps.irs.gov/app/eos>
 - <https://www.charitynavigator.org>
 - <https://guidestar.org>
- **FTB** - you will need your FTB or Entity ID number (7 digits). This can be found in your bylaws.
 - Check the entity status letter:
 - <https://www.ftb.ca.gov/help/business/entity-status-letter.asp>
 - If you are looking on myPTEZ.com:
 - "N" or "U" – 199 needs to be filed with FTB
 - "C" – confirmed that the 199 has been filed with FTB.
 - If it's blank, 199 has been filed with FTB and a copy has been uploaded to myPTEZ.com.
- **OAG** – you will need your FEIN. This can be found in your bylaws.
 - Check your registry:
 - <https://oag.ca.gov/charities/content/info#status>

- If your organization's total revenue is under \$50,000, you must file form CT-TR-1:
 - <https://www.oag.ca.gov/sites/all/files/agweb/pdfs/charities/charitable/ct-tr1-form.pdf>
- The RRF-1 (as well as the fee if necessary) has to be filed:
 - https://oag.ca.gov/sites/all/files/agweb/pdfs/charities/charitable/rrf1_form.pdf?
 - PLEASE NOTE: RRF-1 must be sent with CT-TR-1 (if applicable) OR the completed 990/990EZ.
- If you registered for a raffle, you need to ensure that the Raffle Report is submitted (CT-NRP-2) before October 1st:
 - https://oag.ca.gov/sites/all/files/agweb/pdfs/charities/raffle/ct_nrp_2.pdf
- **SOS** – You'll need your Corporation Number or Name. This can be found in your bylaws.
 - Check status here:
 - <https://businesssearch.sos.ca.gov/?Filing=False>

Are there other items that we need to be compliant?

- Annual Financial Report
- Adopted Budget
- Mid-year and Year-End Audits
- Worker's Compensation forms (complete through AIM, our insurance provider). Link can be found here:
 - http://downloads.capta.org/Leaders/Insurance/WC_PaperForm_English_2021.pdf
- Conflict/Whistleblower forms
- Bylaws should be reviewed every year, but need to be renewed through channels AT LEAST every five years.

What's the worst thing that could happen if we're not compliant?

- Your PTA's nonprofit status can be revoked.

- If that happens, your PTA will not be able to operate.
- You will not be able to write any checks, or accept any donations until this is cleared (a process that can take months to clear up).
- Penalty fees may be incurred, which will have to come out of your budget.
- If you attempt to operate while your status is revoked, there are huge penalties from the governing agencies.

It is vital that you have someone checking on your compliance status. While we recognize that we are having a volunteer shortage, please consider having a Compliance Chairperson or Officer added to your Executive Board. This person can help your Treasurer by ensuring that all forms have been accounted for. This will save your Treasurer valuable time and keep your Council or Unit in operation.

PLEASE NOTE: Our governing agencies are often behind in listing current filings. If you see an issue or if you receive a letter from any of these agencies, please reach out to your First District PTA counterparts immediately – **DO NOT ATTEMPT TO COMMUNICATE WITH IRS/FTB/OAG/SOS YOURSELF.**