

# PTA COMPLIANCE



## Why do PTAs need to be “compliant”?

PTAs are registered tax-exempt, nonprofit public charities. Nonprofit organizations must follow many rules and regulations to operate legally. For PTAs in California, compliance includes following all California State PTA policies and procedures as well as state and federal laws and codes that apply to nonprofits. Maintaining compliance allows PTAs to:

- Operate legally as a charitable organization
- Accept donations that are tax-deductible to the donor
- Maintain tax-exempt status
- Avoid unnecessary fees and penalties from government agencies
- Prevent the PTA from being closed (PTA charter revoked) by California State PTA for lack of compliance

## What is the worst thing that could happen if our PTA is not compliant?

The penalties for failing to meet compliance requirements can be very serious. Your PTA’s status as a charity can be revoked by the Internal Revenue Service, or your PTA charter can be revoked by California State PTA. If this happens:

- Your PTA will not be able to operate, and steps will be taken to close the PTA
- You will not be able to write any checks or accept any donations until compliance delinquencies are cleared, which is a process that can take months
- The government may charge penalties and fees
- If you attempt to operate while your status is revoked, there are huge penalties from the governing agencies

## We received a letter/notice of penalties from the government. What do we do??

If at any time you receive a letter, postcard, invoice, or other communication from a government agency such as the Internal Revenue Service (IRS), California Franchise Tax Board (FTB), California Office of the Attorney General (OAG), California Department of Justice (DOJ), or California Secretary of State (SOS), **it is imperative that you notify your council leadership (for in-council units) and First District PTA immediately.** We will ask you to email us a copy of the letter you received and will assist you in resolving the issue.

**DO NOT call these agencies!**

**CONTACT YOUR COUNCIL PTA or FIRST DISTRICT PTA**

**Amy Kamm, First District PTA Compliance Support Officer**

Email: [Compliance@PTA1.org](mailto:Compliance@PTA1.org) Cell: (818) 653-7703

First District PTA Office: (626) 289-1448

We know all of this sounds a bit scary, but don’t worry! First District PTA is here to help councils and out-of-council units operate legally and remain in good standing. **Keep reading...**

## What does it mean to be “in good standing”?

The term “good standing” applies to PTA units (school-site PTAs), councils, and districts that have met all requirements specified in their PTA bylaws, their council bylaws (if applicable), First District PTA bylaws, and California State PTA bylaws. PTAs must also meet all federal and state tax filing requirements. (See *PTA Unit Bylaws, Article IX, Sections 1, 2, PTA Council Bylaws, Article XII, Section 7, and standing rules, First District PTA standing rule L – District Procedures, and California State PTA bylaws ARTICLE VI — Local PTAs/PTSAS.*)

### To remain in good standing, PTAs must:

- Adhere to the purposes and basic policies of National PTA and California State PTA
- Have three (3) required elected officers: president, secretary, and treasurer
- Remit per capita dues for a minimum of fifteen (15) members by the due date each year
- Comply with the legal filing requirements of state and federal government agencies, including all required state (199/199N) and federal (990N/990EZ/990) tax returns, the Attorney General’s Registry of Charitable Trusts report (RRF-1) and CT-TR-1 form (if applicable), other government forms as required.
- Pay insurance premiums to AIM Insurance, California State PTA’s insurance broker, by the due date each year, and follow all requirements set forth by the PTA insurance policy (see [annual PTA Insurance Guide](#))
- Submit Workers’ Compensation Report to AIM Insurance by the due date each year
- Have bylaws and standing rules reviewed yearly and updated to the newest template and submitted through channels for approval every five years according to the procedures of California State PTA (see [Bylaws for PTAs in California](#))
- Submit the names and addresses of association officers to First District PTA by May 1<sup>st</sup> of each year
- Submit council and unit Annual Historian Reports by the April First District PTA Board meeting
- Submit the following items to First District PTA via [myPTEZ](#) Document Management by the due dates listed in the First District PTA Master Calendar:
  - Mid-year and year-end Financial Reviews
  - Annual Budget (after adopted by the association at first PTA meeting of the year)
  - Annual Financial Report
  - Copies of government filings and tax reports
- Meet other criteria prescribed by California State PTA and First District PTA

## What are the annual tax report filing requirements for PTAs?

**You must file your PTA tax reports every year by the due date.** If you do not file on time, there may be penalties, fees, and/or revocation of your PTA’s charitable status.

IF YOUR PTA FISCAL YEAR-END IS...	YOU MUST FILE YOUR PTA TAXES BY...
May 31	October 15
June 30	November 15

### The following tax reports must be filed every year:

- **Internal Revenue Services (IRS)** Annual Informational Filing – Form 990, 990EZ, or 990N
- **California Franchise Tax Board (FTB)** Annual Informational Filing – Form 199 or 199N
- **Office of the Attorney General (OAG)**

- Annual Registration Renewal Report (**RRF-1**)
- Charitable Trust Annual Treasurer's Report (**CT-TR-1**) [Required if the PTA annual revenue (income before expenses are taken out) is less than \$50,000, and you filed a form 990N]
- **Raffle Permits (OAG, Department of Justice)**
  - If your PTA plans to have a raffle, you must apply for a raffle permit with the **CT-NRP-1** form.
  - If you registered for a raffle, you must file a Raffle Report (**CT-NRP-2**).
  - Remember that you cannot hold a raffle until you get the raffle permit confirmation letter from the OAG (CT- 708).
- **Secretary of State (SOS) if your PTA is incorporated** – Bi-annual (every other year) filing of Form SI-100 Statement of Information, based on the PTA's initial registration date

#### Other important things to know:

- **Consider hiring an outside professional well-versed in nonprofit tax filings and requirements to complete your PTA tax forms.** Tax filings are complex, even for many professionals. No volunteer should feel stressed doing them or embarrassed not to do them. The objective is to have them done correctly and on time. *The cost to hire a nonprofit tax professional is an allowed PTA expense.*
- **Do not forget to sign, date, and mail the tax report to the appropriate government agency if it is not filed electronically.** An elected officer must sign your tax forms.
- **Always keep a copy of signed tax forms for the PTA's records** and note the date that the forms were mailed or submitted.
- **Upload copies of all completed tax reports to [myPTEZ Document Management](#).**

#### How can our PTA avoid becoming non-compliant?

Although the treasurer is responsible for filing all required tax forms or making arrangements for the filings to be completed by a professional, **it is the entire executive board's responsibility to ensure that all tax forms are filed by the due date and that your PTA is following all PTA policies and procedures.**

It is vital that you have someone check your PTA's compliance status regularly. You may want to consider having a compliance chairperson or officer, especially at the council PTA level. This person can help your treasurer by ensuring that all tax reporting is complete, and all compliance requirements set by California State PTA and First District PTA to remain in good standing are met. An officer or chairperson dedicated to compliance can save your treasurer valuable time and keep your PTA in operation.

#### How can we check tax filing compliance for council and unit PTAs?

Following are resources to help you look up tax filings and other information regarding your PTA's compliance status.

#### **Internal Revenue Service (IRS)**

You will need your PTA's Federal Employee Identification Number (FEIN). This can be found in your bylaws. You can check the status at the following three sites to confirm that all filings are up to date:

- [IRS 990N e-postcards](#)
- [IRS 990 and 990 EZ: Charity Navigator](#)
- [IRS 990 and 990 EZ: GuideStar](#)
- [IRS 990 and 990 EZ: ProPublica Nonprofit Explorer](#)

### **California Office of the Attorney General (OAG) Registry Verification**

You will need your PTA's Federal Employee Identification Number (FEIN) or Charitable Trust number, both listed in your PTA bylaws. Check your registry status here: [AG Registry Verification \(for RRF-1 & CT-TR-1 forms, Raffle Reports, etc.\)](#)

### **California Franchise Tax Board (FTB)**

You will need your PTA's FTB or Entity ID number (7 digits). This can be found in your bylaws. Unfortunately, the FTB does not maintain a database of filed reports like the IRS and OAG do.

- Check the entity status by requesting an [entity status letter](#) from the FTB. HOWEVER, be aware that your entity status letter may state that your PTA's status is good when in fact there are past-due reports.
- Check [myPTEZ](#) Document Management status codes:
  - "N" or "U" – 199 needs to be filed with FTB
  - "C" – California State PTA has confirmed that the 199 has been filed with FTB, but a copy of the completed report has not been uploaded to [myPTEZ](#)
  - If the status is blank, the 199 has been filed with FTB, the filing was confirmed by California State PTA, and a copy of the filing has been uploaded to [myPTEZ](#)

### **Secretary of State (SOS) [incorporated PTAs only]**

You'll need your PTA's corporation number or legal name. This information can be found in your bylaws. Check your PTA's status here: [California Secretary of State Business Status Search](#)