

**NORTH PENN COORDINATING COUNCIL
CHAPTER MEMBERS'
TRAINING/ORIENTATION FOR TREASURERS**

INDEX

Recommended Accounting Practices

1. Sales Tax Exemption
 - a. Overview
 - b. Guidelines
 - c. PA. Dept. of Revenue letter certifying NPSD CC Inc. as Purely Public Charity
 - d. Certificate of Exemption – use for single purchase/transaction
 - e. PA Blanket Exemption Certificate – use for multiple purchases
2. Reporting Timeline and Responsible Party
3. Financial Reporting for Chapter Members – **due January 15 and July 31 each year**
 - a. Financial Reporting Form
 - b. Financial Reporting Guidelines
4. 1099 Reporting – must be sent to qualifying vendors or service providers by **January 31 for previous year's activities and to the IRS by February 28 [CHANGE IN PROCEDURE DUE TO GROUP EXEMPTION as of 7/06]**
 - a. Guidelines for 1099 Reporting
 - b. 1099 Forms – how to obtain them
 - c. IRS form W-9 – use to collect a person's Taxpayer's Identification Number
5. Donations, Grants, and Related Requirements
 - a. Sample Acknowledgement Letter
 - b. IRS Determination Letter – may be requested by corporate donors
6. Gifts to the North Penn School District
 - a. School Board Policy
 - b. Gifts to NPSD Form

Revised 9/06

Some Recommended Accounting Practices and Procedures for Chapter Members

1. **MAINTAIN COMPLETE RECORDS** All chapter members should maintain the following information that may be subject to audit by the IRS:

- a. monthly bank statements and cancelled checks
- b. deposit receipts supporting all cash receipt activity
- c. invoices or other papers that support all cash disbursement activity

2. **CHECK SIGNING PROCEDURES** It is recommended that 2 people holding elective office in the organization be required to sign all checks written on the chapter's bank account(s). This is likely to slow down the flow of money, understandably, but will protect the integrity of the organization's finances.

3. **CASH HANDLING PROCEDURES** It is strongly advised to deposit cash receipts as quickly as possible into the chapter's bank account, whether it is dues received or cash from a sponsored activity. It may not always be practical, but, again, it is advisable to protect the integrity of the organization, as well as to limit the liability of its members. When possible, as least two responsible members should be present when money is counted and a written record should be created for the treasurer. When a cash box is used for an event, the money should be counted beforehand with amount noted and signed for. The same should be done after the event.

4. **SUGGESTIONS FOR HANDLING BAD CHECKS** Here are two procedures that have been used by some of our chapter members in the past that may be helpful if your organization is faced with this problem. One chapter's bank, Harleysville National Bank, does not charge the organization for returned checks. If your account is charged a bad check fee, you may want to consider negotiating to have that fee dropped or moving your account.

- a. Check with the issuing bank every day to learn when there are sufficient funds in the account and then go to the bank that day and have a check issued to the organization.
OR
- b. Upon receiving notice from the bank about a bad check, send a letter with a copy of the bad check to the parent through school in care of the student or by mail. Keep a record of the date it was sent on the bank notice. When a new check or cash is received, deposit it, making a note on the original bank notice. When the monthly bank statement is received, verify that the replacement funds have been received and cleared. Then you can remove the original bank notice from your file, if desired. If the replacement funds have not been received, send a second copy of the letter with the words "Second Notice" hand-written across the top.

Added to Manual 9/06

Overview of Tax Exemption

HISTORY: Coordinating Council has been in existence for many years as an informal group made up of representatives from each home and school association. In 2001 the organization incorporated and filed with the State of Pennsylvania as a non profit organization. The IRS granted Coordinating Council exemption as a charitable organization under section 501 (c)(3) of the Internal Revenue Code. In 2005 the Council determined that they were required to file an additional filing for a group exemption, which would serve to recognize certain of the subsidiary organizations as tax exempt by the IRS. A favorable ruling was received from the IRS in August 2006. With this ruling come benefits and responsibilities.

MISSION: The object of the Council is to provide a forum for parents of the North Penn School District to exchange ideas and to promote an ongoing relationship between the schools, administration, board and community. The council also promotes the advocacy of educational purpose and the support of educational institutions within the community.

GOVERNANCE: The Council is governed by an executive board who are elected by the members of the Council. The board is made up of a President, Vice-President, Co-Treasurers, Recording Secretary, Corresponding Secretary and level Vice-Presidents. The duties of the board are further described in the by-laws.

IRS DETERMINATION LETTER: There are two letters from the IRS included in the Treasurer's Manual. First is the IRS determination letter, dated March 25, 2005, which documents the Council's tax-exempt status under the Internal Revenue Code. The second letter, dated July 28, 2006, is the group exemption ruling which recognizes specific chapter members as exempt from federal income tax under section 501(c)(3). This letter may be requested by corporate donors or foundations that are making contributions to your chapter.

LIMITATIONS ON CHARITABLE GAMING: As a result of the group exemption, Coordinating Council and their IRS recognized chapter members are prohibited from some and limited as to certain other charitable gaming fund-raisers. The IRS has specifically prohibited Bingo. This refers to bingo that is played for a wager. In other words, you can not host a bingo game where the participants must pay to play. If your organization hosts a family game night and one of the activities is a bingo game, this can be acceptable as long as there is not a charge to play and the event is not a fundraiser for the school but rather an activity night. Other charitable gaming activities can not be held regularly and must be limited to an insignificant amount of revenue. Coordinating Council will be developing more specific guidelines related to charitable gaming. In the meantime, please direct any questions you have about this topic to the CC President.

SALES TAX EXEMPTION: CC has received an exemption from PA State Sales Tax. A sales tax exemption form is to be used when purchasing taxable supplies to be used as part of your exempt purpose. The Sales tax exemption expired August 2006 but CC has applied for a renewal. There is an extension form from the state to be used in the interim period until our exemption has been approved. A copy of this form can be obtained in the Treasurer's Manual. If you experience difficulty in utilizing this exemption, please contact the CC treasurer.

Revised 9/06

Sales Tax Exemption Guidelines

North Penn Coordinating Council

Sales Tax Exemption # 75-451-384

The PA Department of Revenue has granted the North Penn Coordinating Council exemption from State sales tax. This exemption applies to all chapter members. The following Guidelines have been prepared to assist you regarding the use of the sales tax exemption:

Use of Exemption

Your organization may copy the PA exemption certificate as needed for purchasing items to be used as part of your exempt function (which is to provide programs for the students). This would include purchases of supplies for RIF day, Family Literacy Nights or any Home and School sponsored activity for the benefit of the students.

Please make sure that this number and the certificate are only used by members of your organization that have the authority to make these purchases.

Fundraising Events

If you are having a fundraising event (i.e. book fair) and are selling products to a third party (i.e. parents and students), you must collect sales tax from the individuals purchasing the books. ***It is imperative that the vendor you are working with agrees to remit the tax to the state.*** Coordinating Council will not be collecting and remitting sales tax. If teachers or others are purchasing books *to be used in the school or library* they are exempt from paying the tax, however, you need to keep detailed records of the items sold with and without tax. At the end of the event, you would provide the vendor with information regarding total sales subject to tax and total sales not subject to tax as well as forwarding the tax collected to the vendor for remittance to the state.

If you are running a school store, you should pay tax when you purchase the items and then you may resell them without the tax.

What is Exempt?

The general rules regarding items that are exempt from tax (i.e. if you are reselling these items for a fundraiser, you do not need to collect the tax from the purchaser) are clothing and food (such as Market Day items). Based on our review of the regulations, we are taking the position that the Kids Stuff books are not taxable since catalogues and newspapers qualified to carry a legal advertisement are not taxable.

Questions or Further Information

The Department of Revenue has a publication that lists what items are taxable and what items are exempt from tax that is on file with Coordinating Council. If you have any questions, please contact Jennifer Pedroni at (215) 361-6018 or pedronis@verizon.net.

Reporting Timeline and Responsibility

Report Filing Deadline for Chapter Members

EIN# 23-3045310
 Sales Tax Exemption #75-451-384
 Fiscal Year – July 1 to June 30

Description	Time Period Covered	Due Date	Notes
1099 – MISC - IRS form	Calendar Year (Jan 1 – December 31)	January 31 to the vendors or service providers AND to the IRS by Feb. 28	Collect W-9 or taxpayer ID# - keep notebook of all applicable vendors that require this information to be collected
Financial Report	Six months of fiscal year (July 1 – December 31)	January 15 to CC Treasurer	Make sure beg. Cash bal. equals ending cash balance from prior report.
Financial Report Include a copy of bank statement for June	Six months of fiscal year (Jan 1 – June 30)	July 31 to CC Treasurer	If treasurer's last term make sure all applicable information is turned over to new treasurer
By-Laws	Any revisions to by-laws must be submitted to CC for permanent record	Upon adoption	
Subordinate Statement	A statement indicating there have been no changes to organization purposes, character or method of operation	March 15 to CC President	This must be signed by the President and Treasurer and is needed by CC for the group exemption filing. If there have been any significant changes, please notify the CC President.

Reporting Deadlines for Coordinating Council

FEDERAL		STATE	
FORM	DATE	FORM	DATE
990	11/15	Copy of 990 (with Purely Public Charity Stmt)	11/12
1099	1/31	Purely Public Charity Stmt	11/12
1096	2/28	BCO-10	EXEMPT
Information regarding chapter members	3/31		

Financial Reporting Form
North Penn Coordinating Council, Inc.

Name of Organization: _____

Contact Person: _____ Phone _____

SCHOOL YEAR _____

REPORTING PERIOD: ___ July 1 -Dec. 31, 20 ___
(check appropriate one)

___ Jan. 1- June 30, 20 ___ [INCLUDE COPY OF BANK STATEMENT]

Total	___ July 1, 20 ___	
Cash Balance , beginning of period:	___ Jan 1, 20 ___	A.
ATTACH DETAIL IF YOU HAVE MORE THAN ONE ACCOUNT e.g. money market and checking		
Cash Receipts:		
1. Dues from membership		
2. Donations– (cash only) Explain: e.g. “Several parents gave money beyond dues”. <i>If any single donation = \$1000 or more, please list contributor(s), address, and amount.</i>		
3. Fund Raising revenue or Cash Receipts – Gross revenue from fundraising activities or Home and School events of any type (see Reporting Package Guidelines for examples) <i>Please list and itemize your top 3 incoming- producing activities.</i>		
4. Rebate programs – revenue from any type of rebate for product collection i.e., Redners’ tapes, Acme tapes, GM box tops, printer cartridge recycling <i>Attach listing with total from each program</i>		
5. Refund programs – revenue from corporate cash back programs i.e. Target, Kmart, Wendy’s Night, Barnes and Noble, Escript <i>(attach listing with total from each program)</i>		
6. Interest from treasury		
7. Holding Accounts credits – <i>please list detail description and amount for each</i>		
8. Grants – List provider(s) name, address and dollar amount		
Total Cash Receipts		B.
		A + B =
Total Cash Disbursements (itemize on page 2)		C.
Net Activity (Add A + B, Subtract C = Ending Cash Balance)		

Page 2 FINANCIAL REPORTING FORM for _____
 Period: July 1-Dec. 31 or Jan. 1-June 30 (Circle One)

Cash Disbursements

1. Administrative Expenses – expenses incurred by the board for organization operations

2. Contributions/Donations: payments to other organizations i.e. NP Scholarship, Coordinating Council dues, Post Prom Party, Honors Band, Orchestra. *Please include details, listing of each organization and amount.*

3. Specific Assistance to Individuals - donations to families for items such as food, clothing, shelter, medical expenses

4. Fund raising expenses – expenses directly related to coordinating and conducting fundraising activities i.e. prizes, rental equipment, food

5. Supplies: expenses related to meetings, hospitality, school events i.e. Secretaries Day, Teachers Day

6. Printing expenses

7. Purchases for the benefit of the school – capital expenses for physical gifts to school i.e. carpeting, artwork, gym equipment (i.e. Fixed Assets, general rule of thumb - items that are in excess of \$500 and of a permanent nature)

8. Program/Educational expenses – expenses for assemblies, field trips, teacher classroom materials, including travel, food expenses for trips

9. Sunshine fund expenses – teacher gifts, babysitting expenses for H&S activities (meetings, market day)

10. Incentives for children – expenses related to awards, prizes, pizza parties for rewarding student activities

11. Holding Accounts payout - -- *please list detail description*

Total Cash Disbursements
 (enter sum on front page, section C)

C.

North Penn Coordinating Council Reporting Package Guidelines

CASH, beginning of period

Balance in your checkbook (that has been reconciled to the bank) at the beginning of period). This must equal the ending balance on the last report. If you have several accounts please attach a detailed listing of each account and the amount

CASH RECEIPTS

Dues:

Membership collected from parents

Donations:

Please explain any cash donations received, such as “Several parents gave money beyond dues”. All CC chapter members’ records are consolidated; if any individual donations are greater than \$1,000.00, they must be listed separately with the name, address, and amount given.

Fundraising or Cash Receipts:

Gross Receipts (*Total cash collected*) from:

- Art Auction & sale of ads
- Book fair
- Family bowling
- Flower/vegetable sale
- Fundraisers (wrapping paper/candy/candles)
- Kidstuff books
- Marketday
- Pizza and Candy sale
- Sale of sweatshirts
- Yearbook

Gross Receipts from any event/activities:

- Family Dinner
- Lip Synch
- Science Night
- School Store
- Ice Cream Social
- Winter fest/Frosty Fest
- Roller Skating event
- Bingo Night

Rebate Programs:

Revenue from any type of rebate for product collection:

- Box Tops
- Acme
- Redners
- Printer Cartridge Recycling

Refund Programs:

- Revenue from corporate cash back programs
- Schoolcash.com
- Target
- Barnes and Noble
- Wendy's Night
- Escrip

Holding Account Credits:

- Money collected and held for a third party these must be listed in detail:
 - Student council project
 - Money received on behalf of the school or principal
 - Sixth grade class

Grants:

- Provide the name of grantor(s), address, and amount of grant

CASH DISBURSEMENTS:**Administrative expenses:**

- Bank service charges
- Office supplies
- Insurance

Contributions/Donations:

- Contributions to other non profits such as:
 - North Penn Post Prom
 - North Penn Elementary Honors Band
 - North Penn Scholarship Fund
 - North Penn Education Foundation

Specific assistance to individuals:

- Money paid on behalf of a person
- Payments made for medical, rent, food, etc. to specific person

Fund Raising Expenses

- Payments for the expenses of holding a fundraiser:
 - Art Auction & sale of ads
 - Book fair
 - Family bowling
 - Family dinner
 - Flower/vegetable sale
 - Fundraisers (wrapping paper/candy/candles)
 - Kidstuff books
 - Marketday
 - Pizza and Candy sale
 - Sale of sweatshirts
 - School Store
 - Winter fest/Frosty Fest
 - Yearbook

Supplies:

Classroom supplies not allocated to a specific event
Hospitality – food expenses for meetings

Printing:

Letterhead
Brochures

Purchases for the benefit of schools-Purchase of tangible items for the school

Playground equipment
Climbing wall
Computer equipment
Audio/visual equipment

Program/Educational expenses-Payment for programs for the students at the school and no money is charged to participate

Assemblies
Author in Residence
Bookbinding
Classroom supplies
Field Trips
Homeroom committee
Lip Sync
Music
Olympic Day
Prime Time
Reading Olympics
Red Ribbon
Scholastic News
Snow Cone Day
Sock Hop
Teacher petty cash

Holding accounts payable Money paid from funds collected and held for a third party these must be listed in detail

Student council project
Money received on behalf of the school or principal
Sixth grade class

Guidelines for Reporting 1099 Information- revised 9/06

As a Chapter Member of North Penn Coordinating Council, Inc. your organization is required to file Form 1099-MISC with the IRS each **calendar** year. The following provides guidelines for the procedures that you must follow. If you need assistance with these requirements, please contact the Coordinating Council treasurer .

GENERAL

Each Coordinating Council chapter member must report to the IRS any payments made to a person or vendor who is not an employee for services, gross royalties, or rents. ***However, if the person or vendor is incorporated or a non profit organization, you will not need to report your payments to them.*** You will need to complete the forms for your organization and send them to the person or vendor that received the payment and then send a copy to the IRS. Some examples of the type of services to which these guidelines may apply are artist-in-residence, author-in-residence, or assemblies. **You only need to report payments made that are equal to or greater than \$600 in the aggregate for the year**

DUE DATE & FORMAT

You should obtain Forms 1099-MISC and Forms 1096 from the IRS. You may also be able to obtain them from a office supply store. Complete the Form 1099-MISC (example Form attached) for each individual who your chapter has determined must receive a 1099. The timeframe required by the IRS is that the Form 1099 must be sent to the individual by January 31, 200X and the summary Form 1096 with a copy of the forms 1099 must be sent to the IRS by February 28, 200X.



TIP: Since the reporting deadline covers a **CALENDAR** year many of you may have two different treasurers collecting this information. It may be helpful to establish a procedure to ensure that the information needed has been collected from the vendor at the time of payment (or even better – prior to payment). Perhaps a binder of all assemblies and Authors-in-Residence can be kept in the office with blank W-9 forms to be completed at the conclusion of the event. **It is a good practice to collect a completed W-9 form from all people or organizations you pay.**

DEFINITIONS The following is a summary of the information you (as chapter members) should include on the Form 1099-MISC.

Payer's name.

This box should contain the Home and School name (i.e. Walton Farm Home and School) and the EIN number of your organization. If you do not have the EIN number, please contact the CC treasurer. Each chapter member was assigned an EIN by the IRS as part of the group exemption.

Recipient's identification number

Include here the social security number or EIN of the individual/vendor you paid. You may need to contact them to provide you with this number if you do not have it from correspondence you have received. You should use form W-9 to request this number. Copies of the W-9 form are enclosed in this manual. **See Tip** – collect this information prior to paying them so you do not need to go back after the year is over.

Recipient's name, Street address, city, state and Zip code

Include here the name and address of individual, vendor, or organization.

Box 7 Nonemployee compensation

Enter the amount paid during the calendar year (Jan 1 – Dec 31) if it is equal to or greater than \$600. This should include fees for services performed as a non-employee for your school by an individual/vendor who is not your employee.

If the following three conditions are met, you must generally report a payment as non-employee compensation if (1) you made the payment to someone who is not your employee; and (2) you made the payment for services in the course of your trade or business (including nonprofit organizations); and (3)

you made the payment to an individual, partnership, estate, or in some cases, a corporation (the only case this may apply to would be for an attorney).

EXAMPLE FORM 1099-MISC

Complete the IRS Form and send to vendor by January 31

PAYER/ORGANIZATION Name _____
Address _____
EIN _____

RECIPIENT'S identification number	Box 7 Nonemployee compensation
RECIPIENT'S name, address and ZIP code	

Donations, grants and related requirements

There are two general rules that organizations need to be aware of to meet substantiation and disclosure requirements for federal income tax return reporting purposes:

- A donor is responsible for obtaining a written acknowledgement from a charity for any single contribution of \$250 or more before the donor can claim a charitable contribution on his/her federal income tax return.
- A charitable organization is required to provide a written disclosure to a donor who receives goods or services in exchange for a single payment in excess of \$75.

Written Acknowledgement

Requirement – A donor cannot claim a tax deduction for any single contribution of \$250 or more unless the donor obtains a contemporaneous, written acknowledgement of the contribution from the recipient organization. An organization that does not acknowledge a contribution incurs no penalty; but without a written acknowledgement the donor cannot claim the tax deduction. An example of a letter to be sent to a donor follows this description.

Matching gifts

Some companies provide matching gifts as a benefit to their employees. If an individual earmarks a contribution to a parent organization under the umbrella of Coordinating Council, the corporation may need some documentation in order to process a gift. They will usually need the IRS determination letter (a copy of which is included in the treasurer's orientation manual). In addition, they will need a letter that lists all of the organizations that are chapter members. Please contact the current Coordinating Council treasurer if you need to obtain a current letter.

(Acknowledgement Letter)

**North Penn Coordinating Council, Inc.
401 E. Hancock Street
Lansdale, PA 19446
215-368-0400**

Date

Address

Dear _____,

Thank you for your contribution of \$XXX to [our organization] received on DATE. We are a Chapter Member of Coordinating Council, Inc., which is a public charity as defined by IRS code section 501(c)(3). No goods or services were provided in exchange for your contribution.

We appreciate your generosity.

Sincerely,

President/Coordinator
Name of Organization

Business and Noninstructional Operations

Gifts to the District

Board Policy #3280 provides guidelines for the acceptance of gifts to the school district. School board approval of any gift will be made only after potential gifts have been reviewed and found acceptable by a building principal and/or the appropriate cabinet level administrator. (Gifts with approximate market value less than \$100 will not require this procedure.)

Potential donors must be treated with sensitivity whether the gift is one which district officials desire - or feel reluctant to accept. Building principals are encouraged to be especially thorough and thoughtful regarding proposed gifts made from funds raised by parent support groups. Gifts from parent support groups represent the efforts of those capable of demonstrating significant positive support for district programs and efforts.

Administrators must consider the criteria listed in the board policy when reviewing the potential gift. A sample approval form is attached. This form must be forwarded for approval at three levels whenever a gift is recommended for acceptance. No purchases should be made (or purchase orders processed) until all approvals have been obtained.

North Penn School District
401 East Hancock Street
Lansdale, PA 19446-3960

GIFTS TO THE NORTH PENN SCHOOL DISTRICT (IN EXCESS OF \$100)

BEFORE this gift can be accepted from the donor official action is required by the school board.

I. School/Building *Brief description of gift (attach any accompanying information.)*

Approximate Value: _____

Gift from:

Name/Organization Name/ Organization

Address

City, State, Zip Code

Building / Department

Administrator's Signature

Date

Below this line to be completed at District Office

II. Cabinet Level Review / Approval

Approved

Cabinet-Level Administrator's Signature Cabinet-Level Administrator's Signature

Place on Action Agenda

Date of Action Meeting _____

Denied - Return to Building Principal/Department Administrator

Send to _____ for review. *After review, return to cabinet level administrator.*

Comments: _____

III. Distribute Copy To

Superintendent
Business Office
Community Services Department
Building Principal/Department Administrator