

Warwick School District

IRS, Sales Tax, Reporting & Record Keeping for PTO's & Parent Groups

Frequently Asked Questions...

1. Should parent organizations have by-laws, a constitution, officers, and any other requirements that identify them as a separate legal entity?

Yes. Please see available templates at bottom of list.. (coming soon)

2. Do parent organizations need an EIN (Federal Employer Identification Number)?

Yes. Must be applied for and obtained through the Internal Revenue Service.

<http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>

3. Should a parent organization use a members' SSN to set up a parent organization checking account?

No! Only use parent groups EIN.

4. Are parent organizations exempt from PA sales tax?

No. PA sales tax exemption must be applied for and obtained from PA Department of Revenue.

https://revenue-pa.custhelp.com/app/answers/detail/a_id/413/~/_/how-do-i-get-a-sales-tax-exemption-for-a-non-profit-organization%3F

- May parent organizations use the school districts' EIN (Federal Employer Identification Number)?

No!! Must be applied for and obtained through the Internal Revenue Service.

5. Do parent organizations need to file a tax return with the IRS?

Probably, depends upon your exempt status, your corporate status, and your gross revenues. Seek advice from a Tax Advisor.

6. Is the EIN the same as the PA sales tax exempt number?

No.

7. May parent organizations use the school districts PA sales tax exempt number?

No!!

8. Are parent organizations (by default) tax exempt with the IRS?

No! Exemption status must be applied for and obtained.

9. Do parent organizations need to be approved by the IRS as tax exempt in order to be treated as a non-profit?

Yes.

10. May parent organizations tell donors that their contributions are tax deductible?

Only if they are approved as federally tax exempt (non-profit) with the IRS.

11. Should parent organizations have separate checking accounts?

Yes! Use the federal EIN number for your organizations checking account. Do not use a members' SSN.

12. Are Parent Organizations covered under the school district's General Liability Policy?

Yes... Must complete registration form. <http://goo.gl/fX4t7>

13. Financial Statements? When are they due to the School District?

September 30, annually (for the prior fiscal year) due to the Office of the Superintendent.

14. Should cash receipt controls be in place?

Yes, multiple persons should be present when all receipts are counted for deposit.

15. What "best practice" procedures should be in place?

- Documented approval and control procedures.
- Monthly bank reconciliations and review.
- Disbursement procedures (more than 1 signature for checks).
- Proper accounting and transferring of records between officers.

Additional contacts for tax related assistance:

Brown, Shultz, Sheridan & Fritz
227 Granite Run Dr., Ste 200
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717-581-1040

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Additional contacts for legal assistance:

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