

ALASKA PTA 990-EZ FACT SHEET

FILING FORM 990EZ

FORM 990EZ "Return of Organization Exempt from Income Tax" and Schedule A —"Organization Exempt Under 501 (c)(3)

For specific instructions on filing the 990EZ/Sch. A, please see the Appendix or National PTA's Money Matters. BLANK FORMS AND MORE COMPLETE INSTRUCTIONS CAN BE DOWNLOADED OFF THE IRS WEB SITE AT www.IRS.gov

HANDY HINT: These are Adobe Reader (PDF) files that have "Document Rights" applied to them. These "rights" allow anyone completing the forms, with the free Adobe Reader, to save their filled-in form locally. You can also attach files to the forms.

A. Who must file:

1. Parent groups not under the Alaska PTA group tax exempt number if gross receipts exceed \$5000.
2. PTAs under the Alaska PTA group tax-exempt number if gross receipts normally exceed \$25,000.
 - a. Gross receipts are the total amount received from all income sources during the annual accounting period, without subtracting any costs or expenses. This does NOT include:
 - Transfers between financial accounts
 - Portion of received dues that you forwarded on to Alaska PTA for State (\$4.00) and National PTA (\$1.75) dues.
 - b. Gross receipts are considered to be \$25,000 or less if the organization is
 - Up to a year old and has received, or donors have pledged to give \$37,500 or less during its first tax year;
 - Between 1 and 3 years old and averaged \$30,000 or less in gross receipts during each of its first two (2) tax years;
 - c. 3 years old or more and averaged \$25,000 or less in gross receipts for immediately preceding 3 tax years (including the year for which the return would be filed)See IRS Instructions for 990EZ for more information.
3. If you are not required to file, but receive the form from the IRS:
 - a. Check the box showing income less than \$25,000.
 - b. Write across the top, "Our income is under \$25,000."
 - c. Place address label in the indicated area of the return.
 - d. Sign the form and return by the deadline.
 - e. Once you have done this, the IRS may not send your PTA a form 990/990EZ in the future. You will have to obtain one from your local IRS office if it becomes necessary to file in future years.
 - f. Send a copy of your filed 990EZ to the AK PTA Office.
 - g. Save a copy for your unit's permanent files.

4. PLEASE NOTE: PTA's WHO DO NOT FILE A FORM 990 OR 990-EZ MUST NOW FILE A FORM 990-N, also known as an e-Postcard. This is mandatory.

The first e-Postcards are due in 2008 for tax years ending on or after December 31, 2007. The e-Postcard is due every year by the 15th day of the 5th month after the close of your [tax year](#). For example, if your tax year ended on June 30th, 2008 the e-Postcard is due November 15, 2008. **You cannot file the e-Postcard until after your tax year ends.**

How To File Form 990-N:

Click [here](#) to file the e-Postcard. If you have trouble accessing the system using that link, you may be able to access the filing site directly by typing or pasting the following address into your Internet browser: <http://epostcard.form990.org>. When you access the system, you will leave the IRS site and file the e-Postcard with the IRS through our trusted partner, Urban Institute. The form must be completed and filed electronically. There is no paper form.

B. HOW TO FILE FORM 990-EZ (IF YOU ARE REQUIRED TO FILE)

1. Local unit filling out 990EZ: Refer to National PTA's [Money Matters](#), or Appendix of Alaska PTA's [Common Cents Handbook for Alaska PTA Treasurers](#) for complete PTA oriented instructions and a sample-completed form, or check IRS web site at www.irs.gov.

Schedule A must be completed and attached to the Form 990EZ (See Appendix).

OR

2. Consult a local accountant with non-profit experience.
3. Send a copy of the 990EZ to Alaska PTA Office.
4. Save a copy for your unit's permanent files.

C. WEBSITES THAT MAY HELP YOU FILE YOUR FORM 990-EZ

<http://www.irs.gov/charities/index.html> *Tax Information for Charities & Other Non-Profits*

<http://www.irs.gov/charities/article/0,,id=210357,00.html> **Form 990 Case Study**

To help illustrate key points and answer important questions about the new Form 990, the IRS developed a case study about a hypothetical organization – Exempt Organization for Disaster Relief – or EODR for short.

The case study includes a set of [facts](#) describing organizational and financial aspects of EODR, and a completed [Form 990](#) based on those facts. A [video series](#) walks you through key reporting issues common to most organizations required to file Form 990.

<http://efile.form990.org/default.asp> *Welcome to efile.form990.org*

D. WHEN TO FILE

Form must be filed by the 15th day of the fifth month after the end of your fiscal year as noted in your bylaws. For example, for a fiscal year ending on June 30, the filing deadline is the following November 15th.

The law can impose a penalty of \$10.00 per day, up to a maximum of \$5,000, when a 990EZ return is filed late, unless there is a reasonable cause for the delay. In order to receive an extension, you must file Form 2758 with the IRS to request an extension and avoid this penalty.

If you do not file your Form 990-N e-Postcard on time, the IRS will send you a reminder notice but you will not be assessed a penalty for late filing the e-Postcard. However, an organization that fails to file required e-Postcards (or information returns – Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

Please note: If you receive a penalty notice from the IRS for any reason you can attempt to get it abated, with cause. Contact either a professional accountant, the Alaska PTA, or the Taxpayer Advocates Office at the IRS. This is a one-time abatement rule, so use it wisely.

E. UNRELATED BUSINESS INCOME

When can tax-exempt organizations be taxed?

Not-for-profit organizations, such as PTAs, are eligible for tax-exempt status, but this status does not mean that PTAs are never required to pay tax. Certain income-producing activities carried on by PTAs may fit into a tax liability category called unrelated business income, or UBI.

If a PTA conducts one or more activities that gross Unrelated Business Income of greater than \$1,000, then the PTA needs to report these earnings to the IRS on Form 990-T.

If this income is determined to be UBI, then it will be taxed at regular corporate rates with some exceptions. Most PTA fund-raising activities are the exception and exempt from federal income taxes because of the following:

- They are conducted only once per year, or
- 85% of the work on the activity is conducted by volunteers, or
- They consist of selling donated merchandise.

There is no rule that says PTAs must never conduct activities that produce unrelated business income, but in order to retain tax-exempt status, PTAs must pay attention that fund-raising does not become the primary focus of the organization.

Whether income is related or unrelated is almost always determined by the nature of the income producing activity in relation to the nonprofit exempt purpose and rarely how a nonprofit uses its money. How an activity is structured can usually determine if income is related or unrelated.

For more detailed information on UBI and PTA, see National PTA's [Money Matters](#) or AK PTA's [Common Cents for Alaska PTA Treasurers](#) .

For more detailed information on UBI, See IRS Pub. 598 Tax on Unrelated Business income of Exempt Organizations (can be downloaded at www.irs.gov).

F. WHAT REPORTS ARE NEEDED TO GET STARTED...

What paperwork do you need to start filling out the 990-EZ / Schedule A, and assorted forms?

- Annual report (for same period as the 990-EZ)
and/or
- Balance Sheet (for same period ending as the 990-EZ)
- Profit and Loss Actual to Budget Report (for same period as the 990-EZ)
- Check Register
- Ledger Sheets
- Copies of approved Mini Grant Forms
- Officers List with addresses for year being reported, plus volunteer hours per week
- Previous year Form 990-EZ and Schedule A
Or if 990-EZ not available or required for prior years....
- Annual reports or Profit and Loss Actual to Budget Reports for prior 4 years
(showing proof that unit was not required to file ie <\$25,000)
- Unit Bylaws
- List of Contributors
- Copy of signed Statement of Authorization letter from AK PTA with Group Exemption number
- Copy of current Audit
- Year end bank statement with bank reconciliation report for EACH bank account
- Etc.