

Form 990-EZ, Line by Line

As PTOs become more sophisticated in their fundraising and program services, the 990-EZ tax forms become more detailed. Always refer to the IRS instructions for Form 990-EZ in addition to this guide to make sure that you're completing the form correctly. The IRS Exempt Organizations telephone assistants are also very helpful (877-829-5500).

NOTE: The IRS publishes detailed instructions for Form 990-EZ, Schedule A, Schedule G, and Schedule O. Although every attempt at accuracy was made for this guide, information and advice from the IRS supersedes what is presented here.

REMINDER: Don't include the social security number of any of your officers on the form because the filed 990 return is a public document; the IRS makes it available to anyone who requests to see it.

HEADING AREA

- A Enter the start and end date of your tax year. (**Note:** Use the form for the tax year that matches the *beginning* of your fiscal year.)
- B Check off any of the boxes that apply to your PTO. (You might not need to check off any of them.)
- C Enter the official name and address for your PTO.
- D Enter the PTO's tax identification number, also known as an employer identification number. (This *should not* be the social security number of any of your officers.)
- E Enter the PTO's business telephone number, typically the main office at your school.
- F Not applicable to the typical PTO. Enter "N/A" on the line.
- G Check off the box marked "cash."
- H If you received \$5,000 or more in donations from any one contributor, then you must complete Schedule B. Otherwise, check the box here and ignore Schedule B. Most PTOs will check this box and ignore Schedule B.
- I Enter your PTO's website address.
- J Check off "501(c)(3)".
- K Check the box for "corporation" if your group is incorporated in your state. If your group isn't incorporated, check the box for "association."
- L If your total gross receipts calculated as indicated here equal \$200,000 or more, stop. You need to complete the full-length Form 990 instead of the shorter Form 990-EZ.

PART I—Revenue, Expenses, and Changes in Net Assets or Fund Balances

- Header Area Check off the box because you'll include information on Schedule O for this section.
- 1 Direct donations to your PTO (e.g., a parent makes a cash donation instead of buying candy). This includes:

- The fair market value of any noncash donations your PTO received, such as food for a volunteer appreciation luncheon.
 - The cash value of donated gift cards (such as those you might collect for fundraiser prizes).
 - Any portion of membership dues paid that *exceeds* the value of any tangible benefits that members receive. For example:
 - If your PTO dues simply entitle a member to voting rights and other intangible benefits, then the IRS views your “dues” as contributions and they would be reported here on Line 1.
 - If the amount of the dues is generally equivalent to the monetary value of tangible items the members receive from paying dues (such as if they receive a school directory), then the dues are reported on Line 3 instead.
- 2 Not typically used by a PTO. However, if your PTO sponsors a fee-based after-school enrichment program, for example, report the fees you collect here. The money is reported on this line because the enrichment program directly supports your PTO’s mission (as opposed to a fundraiser in which the sole purpose is to make money for your PTO).
- 3 Enter the amount of dues collected that are *not* contributions (see Line 1). For example:
- If the amount of the dues is generally equivalent to the monetary value of tangible items the members receive from paying dues (such as if they receive a school directory), then the dues are reported here on Line 3.
 - If the dues are *more than* the monetary value of the tangible benefits members receive, then the difference is reported on Line 1 as a contribution.
 - If your PTO dues simply entitle a member to voting rights and other intangible benefits, then the IRS views your “dues” as contributions and they would be reported on Line 1, not here.
- 4 Interest earned from a money market or savings account, for example.
- 5a, 5b, 5c Typically not used by a PTO. However, if your PTO sold its old popcorn popper, for example, the popper is considered an asset and the sale would be reported here.
- 6 Most of your fundraising activity is reported here. The details of your largest fundraisers will be listed on Schedule G.

6a Gross income from gaming. Enter the total amount earned from gaming.

NOTE: The rules regarding gaming are complicated and vary from situation to situation, so they aren’t covered here. See the IRS instructions or call the IRS for more information on gaming revenue.

6b Gross income from fundraising events. Add up the revenue from all your fundraising and other special activities* that generate revenue, even if you don’t think of them as “fundraisers” (e.g., a movie night that has a nominal \$1 entry fee is included here even though you don’t really consider it a fundraiser for your group). If the total gross receipts for your special events is \$15,000 or more, you need to complete Schedule G. If your total fundraising and special events revenue is less than \$15,000, just enter the total here and ignore Schedule G. Fill in the total contribution amount included in Line 1 (if any) on the blank line inside the parentheses on Line 6b, such as if your group received gift cards for fundraising prizes.

6c Direct expenses from gaming and fundraising events. Enter the total you spent on your special events and activities, such as the cost of the pasta for your spaghetti dinner, the cost of the fun run T-shirts you gave to the students, the licensing fee for movie night, or the payment you make to the pizza kit company.

6d Net income or loss from gaming and fundraising events. Enter the calculated amount as indicated on the form.

***Special note about fun runs, walkathons, and other non-sales fundraisers:** The IRS wants to see details in Schedule G about your major moneymaking ventures, regardless of whether your participants get anything tangible for their money. Therefore, treat a fun run like a fundraiser and report it on Line 6b. Don't include the gross receipts from your fun run on Line 1 even though the money collected from a fun run is pretty much just a donation directly to your PTO.

- 7a, 7b, 7c These three lines are used if your PTO prepurchases inventory which it then sells over time. T-shirts are a common example of this sort of inventory. When you figure out these numbers, remember you are focusing *only* on the activity from the current fiscal year. So if your PTO bought 200 T-shirts three years ago and sold 86 this year, the numbers for Lines 7a and 7b are based on 86 T-shirts only.
- 8 If your PTO has other sources of revenue—for example, small fundraisers such as scrip, cartridge recycling, candy sales—report it here and include the details on Schedule O. But if all your PTO's revenue has been fully reported on the lines above, write "N/A" or "0" on the line.
- 9 Total the numbers as indicated on the form.
- 10 Use this line if your PTO makes a donation to another 501(c)(3) charity, including any money you donate to your school. If you buy items for the school and then formally donate them to the school, include the fair market value of the items in this total. If you report money here, be sure to include on Schedule O the grant/donation recipient and other details listed on pp. 14-15 of the instruction booklet. The instructions reference a \$5,000 threshold; ignore that reference and list *all* the donations you made, regardless of how big or small they were.
- 11 Write "0." Although we all get wonderful intangible benefits from working to better our schools through parent participation, the IRS doesn't consider that a "benefit" for the sake of Line 11.
- 12 A typical PTO doesn't pay salaries, though many hardworking volunteers would probably like the idea! If your PTO does pay the salary of a library aid, for example, there are issues related to being an employer that should be discussed with a professional adviser and thus are not addressed in these guidelines.
- 13 This line is used if your PTO pays a CPA to do its annual audit, for example.
- 14 Not applicable to the typical PTO. Write "0" or "N/A" on the line.
- 15 Record the costs associated with photocopying, printing, and postage, if applicable. This might include PTO newsletters or brochures, for example, if you have to pay to get them printed.
- 16 All other PTO expenses go here; this will be a large number. This line is the catchall for the costs of all the non-fundraiser events, projects, activities, committees, and purchases of your PTO this year. If you pay for insurance or pay fees for state filing requirements, include those here, too. List them all on Schedule O.
- 17 Total the lines as indicated on the form.

- 18 Enter the calculated amount as indicated on the form.
- 19 This line shows your PTO's total bank account balance at the beginning of the fiscal year (plus any other assets if applicable, such as T-shirt inventory). If your PTO's fiscal year starts on Aug. 1 and your group has only one checking account and no on-hand inventory, then Line 19 would show the amount of money in the checking account on Aug. 1. This number is repeated in Line 27, column A.
- 20 Not applicable to the typical PTO.
- 21 Enter the total as indicated on the form.

PART II—Balance Sheets

- Header Check off the box if you have assets like school spiritwear or a popcorn machine because you'll
Area include information on Schedule O for this section.
- 22 Include the active checking account balance, plus any savings accounts at the beginning (column A) and end (column B) of your fiscal year. For example, if your PTO has a money market account for a long-range playground project, include the account's balance here.
- 23 Not applicable to the typical PTO. Enter "0."
- 24 Use this line if your PTO carries prepurchased inventory, such as T-shirts or school blankets. The amount should be based on the number of items in inventory accounts at the beginning (column A) and end (column B) of your fiscal year. Include the details on Schedule O. Otherwise, enter "0."
- 25 Total the amounts on Lines 22, 23, and 24 in each column.
- 26 A PTO would usually pay off any outstanding bills before the end of its fiscal year, so its liabilities would typically be zero.
- 27 Subtract Line 26 (total liabilities) from Line 25 (total assets). The amount entered in Line 27, column B should equal the amount on Line 21.

PART III—Statement of Program Service Accomplishments

- Header Check off the box because you'll include information on Schedule O for this section, and summarize
Area your group's primary purpose on the line provided.
- 28, 28a, 29, 29a, 30, 30a List the top three activities for the year based on total expenses. Include a concise description of each. If your group received any grant income for the activity, include the total grant amount in the parentheses for that line. The typical PTO will not check the box for foreign grants.

- 31a Total the expenses of all other activities for the year. Include a list of the activities, with the related expenses for each, on Schedule O. If your group received any grant income for these activities, include the total grant amount in the parentheses for this line. The typical PTO will not check the box for foreign grants.
- 32 Total the lines as indicated on the form.

PART IV—List of Officers

Header Area Don't check off the box; you won't include information on Schedule O for this section.

List the names of your officers and their titles in column (a) and the average time commitment per week in column (b); use a concrete number even if it's an estimate. Enter "0" in columns (c), (d), and (e).

PART V—Other Information

- Header Area If you amended your bylaws this past year, check off the box here (and check "yes" on Line 34) and include a summary of the changes on Schedule O. Otherwise, leave this box unchecked.
- 33 Not applicable to the typical PTO. Check off the "no" column.
- 34 Check "yes" if you amended your bylaws this past year and include a summary of the changes on Schedule O (and make sure the box in the header area for Part V is checked off). Otherwise, check "no."
- 35a, 35b, 35c, 36, 37a, 37b, 38a, 38b, 39a, 39b Not applicable to the typical PTO. Check "no" or enter "N/A" or "0" in all fields and on all lines.
- 40a, 40b, 40c, 40d, 40e Not applicable to the typical PTO. Check "no" or enter "N/A" or "0" in all fields and on all lines.
- 41 Some states require a 501(c)(3) organization to submit Form 990-EZ. Enter your state, if applicable.
- 42a Typically, the PTO's treasurer is the keeper of the books. Enter the name of this person, and the school's address and phone number since the school is usually the PTO's place of business.
- 42b, 42c Not applicable to the typical PTO. Check "no."
- 43 Not applicable to the typical PTO. Leave blank.
- 44a, 44b, 44c, 44d, 45a, 45b, 46 Not applicable to the typical PTO. Check "no" on all lines.

PART VI—Section 501(c)(3) Organizations Only

Header Area Don't check off the box; you won't include information on Schedule O for this section.

47, 48, 49a, 49b Not applicable to the typical PTO. Check "no" on all lines.

50, 51 Not applicable to the typical PTO. Enter "none" in each chart.

52 Check "yes" because you'll complete Schedule A.

SIGNATURE AREA

Sign and print your name and title, and date the form.