California State PTA®

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2022-23

FINANCIAL MAILING

your kind of PTA

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October 2022

Dear PTA/PTSA Leader:

We want you to know we appreciate all that you do on behalf of all of our children, families and communities in California. This annual financial mailing is intended to assist you in your work in overseeing a successful PTA. If you have any questions concerning the PTA financial packet, please contact your local council or district PTA treasurer.

Included in this packet:

- Important Dates
- PTA Insurance Premium Invoice/Notice
- Tax Filing Support Center Information
- Financial Filing Requirements for Tax-Exempt Groups Including PTAs
- State of California Attorney General's Tips and Resources for Charities
- Workers' Compensation Annual Payroll Report (Instructions only)
- PTA as an Employer – What You Need to Know
- Additional resources and information:
  - PTA Finances and Email Phishing Scams
  - Electronic Membership System Flier & Important Financial Updates
  - 2023 Convention Flier
  - PTA Store Flier
- 2023 Insurance Guide

PTA Insurance: The 2023 policy year insurance premium is $272 for units and $188 for councils/districts. Beginning this year, insurance premiums will be submitted online through the AIM Insurance Portal. PTA presidents and treasurers should have received an email from AIM with a link to the portal. Premiums must be received on or before December 20, 2022. More in-depth information about our insurance coverage is contained in our enclosed insurance guide. Additional coverage (if needed) can be purchased through AIM insurance separately.

Every unit, council and district is also required to complete and submit a **Workers' Compensation Annual Payroll Report each year.** PTAs at all levels submit these reports directly to AIM, California State PTAs insurance broker. Please do NOT submit those items using old forms from prior years.

Thank you for your attention to this important information and your dedication as a PTA leader!

Sincerely,

Carol Green
President

Laura Ann Hawk-Loya
Treasurer

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Important Dates

Dates	Action
Anytime	Sign up for PTAs Electronic Membership System TOTEM
October 3, 2022	AIM Insurance Portal Opens Presidents and Treasurers will receive email with portal link from AIM
November 15, 2022	**Deadline** to file Internal Revenue Service (IRS) Form 990 Series *(if your fiscal year ends June 30)**
November 15, 2022	**Deadline** to file CA Franchise Tax Board (FTB) Form 199 Series *(if your fiscal year ends June 30)**
November 15, 2022	**Deadline** to file CA Office of the Attorney General (OAG) Form RRF-1 *(if your fiscal year ends June 30)**
December 20, 2022	Insurance premiums due through AIM Insurance Portal **Late fee incurred if insurance paid past this date**
January 31, 2023	Workers' Compensation Annual Payroll Report due. The updated process includes PTAs at all levels submitting these items directly to AIM, California State PTAs insurance broker. Please make sure you are using this year's form to complete the process. **Filing window opens on December 15, 2022 (see instructions for details)**
April 21-23, 2023	California State PTA Annual Convention in Sacramento

**Required to be filed by the 15th day of the 5th month after your PTAs fiscal year ends.*

Visit www.capta.org for updates and information.

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PUBLICATION INFORMATION

The contents of this mailing are available online at the links listed below.

- Insurance Guide in English and Spanish:
  https://capta.org/resource/pta-insurance-guide/
- Financial Mailing in English:
  http://downloads.capta.org/fin/FinancialMailing2022.pdf
- Financial Mailing in Spanish:
  http://downloads.capta.org/fin/FinancialMailing2022_Spanish.pdf

For printed copies, please contact the California State PTA office at (916) 440-1985 or email at info@capta.org for more information.

INFORMACIÓN DE LA PUBLICACIÓN

El contenido de este correo está disponible en línea en los enlaces que se enumeran a continuación.

- Guía de seguros en inglés y español:
  https://capta.org/resource/pta-insurance-guide/
- Correo financiero en inglés:
  http://downloads.capta.org/fin/FinancialMailing2022.pdf
- Correo financiero en español:
  http://downloads.capta.org/fin/FinancialMailing2022_Spanish.pdf

Para copias impresas, comuníquese con la oficina de la PTA de California al (916) 440-1985 o correo electrónico a info@capta.org para obtener más información.

INSURANCE INFORMATION

IMPORTANT NOTICE:

Annual insurance premiums are now being submitted online or by mail directly to California State PTAs insurance broker, Association Insurance Management, Inc. (AIM). Unit presidents and treasurers should have received an email directly from AIM with a link to the payment portal. **Do not send insurance premiums through channels**.

For more information, visit our insurance page at:
https://capta.org/pta-leaders/services/insurance/

Coverage questions? Need additional coverage?
Contact AIM at:
(800) 876-4044
capta@aim-companies.com

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PTA INSURANCE PREMIUM INVOICE

Insurance payments are made directly to AIM, California State PTAs insurance broker. After December 20, 2022 a late fee of $25 will be assessed by and payable to California State PTA. There is no grace period.

For additional information, please contact your council or district PTA.

To:	Units, Councils, and Districts
Re:	Insurance Premium for the 2023 Policy Year.
Terms: The policy year covers January 5, 2023 through January 4, 2024. Insurance premium payments must be sent to AIM either electronically or by mailed unit check no later than December 20, 2022	

DESCRIPTION	COST
Unit Premium *Refer to table below for coverage included.*	$272
Council Premium *Refer to table below for coverage included.*	$188
District Premium *Refer to table below for coverage included.*	$188
Late Fee *After December 20, 2022, a late fee of $25 is assessed by California State PTA. There is no grace period.*	$25

The premiums above **include** the following coverage:

- General Liability $1,000,000
- Umbrella Liability $3,000,000
- Directors & Officers $1,000,000
- Workers Compensation $1,000,000
- Fidelity Bond $25,000
- Extended Medical Payments $20,000

The premiums above **do not include**:

- The 5 percent surcharge that PTAs with gross payments to workers in excess of $1,000 during the policy year must pay for Workers' Compensation.
- **Child Care Programs** under General Liability Insurance. If your PTA is sponsoring such a program, additional insurance will need to be purchased.

Please note that Association Insurance Management Inc (AIM), California State PTAs insurance broker, will be reaching out to all units, councils, and districts to request additional information and acknowledgments related to coverage. This information will help AIM to create a profile for each unit, council, and district that will enable leaders at each level to easily make requests including adding Additional Insureds, acquiring additional elective coverage, and obtaining a Certificate of Insurance. You can also reach out to AIM directly by phone at (800) 876-4044 or by email at capta@aim-companies.com for coverage questions and to inquire about additional elective coverage.

TAX FILING INFORMATION

Failure to file can result in daily penalties, in addition to loss of your PTAs exempt status and termination of your PTA charter.

California State PTA can help! Visit:
https://capta.org/pta-leaders/services/tax-filing-support-center/

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FINANCIAL FILING REQUIREMENTS

Tax-exempt organizations, including PTAs, must file annual returns

Tax-exempt organizations operating in the State of California, including PTAs, are legally required to file annual returns with the following federal and state agencies:

1) **United States Department of the Treasury *Internal Revenue Service (IRS)***
2) **State of California *Franchise Tax Board (FTB)***
3) **State of California *Attorney General's Registry of Charitable Trusts (AG/RCT)***

California State PTA is committed to providing information to help your PTA remain in compliance with its annual filing requirements. Please visit the California State PTA Tax Filing Support Center at http://capta.org/pta-leaders/services/tax-filing-support-center/ for step-by-step pointers on what your PTA needs to file and other useful materials.

If your PTA requires assistance completing any of the required filings beyond information provided in the applicable forms, instructions and publications, contacting a Certified Public Accountant (CPA) or tax professional, such as an Enrolled Agent (EA), specializing in nonprofit organizations exempt from federal and state income tax as public charities is recommended.

1) Internal Revenue Service - Form 990 Series

- There are three forms in the Internal Revenue Service (IRS) Form 990 series. ***Only ONE should be filed*** which is generally based on your PTAs financial activity (refer to the chart below).

IF YOUR PTA'S GROSS RECEIPTS ARE…	FILE FORM…	COMPLEXITY
Normally $50,000 or less *(refer to Appendix B of the Form 990-EZ Instructions for guidance regarding "normally")*	**990-N**	**Low**
Normally greater than $50,000, less than $200,000 during the year, ***AND*** total assets are less than $500,000 at the end of the year	**990-EZ**	**Medium**
Equal to or greater than $200,000 ***OR*** total assets are equal to or greater than $500,000 at the end of the year	**990**	**High**

- The IRS requires the applicable form in the 990 series to be filed by the 15th day of the 5th month after your PTAs fiscal year ends. For example, if your PTAs fiscal year ends on June 30, the applicable form must be **filed with the IRS by November 15**. Please check your bylaws for your fiscal year end to determine your filing deadline.
- *For 990 series forms and instructions*, please visit the following page at the IRS website: https://www.irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in
- If your PTA generates *unrelated business income* equal to or greater than $1,000 during the year, it may be required to file IRS Form 990-T, *Exempt Organization Business Income Tax Return*, in addition to form 990-N, 990-EZ, or 990. For more information, please visit the following page at the IRS website: https://www.irs.gov/charities-non-profits/unrelated-business-income-tax

2) Franchise Tax Board - Form 199 Series

- There are two forms in the Franchise Tax Board (FTB) Form 199 series. ***Only ONE should be filed*** which is generally based on your PTAs financial activity (refer to the chart below).

IF YOUR PTAs GROSS RECIPTS ARE…	FILE FORM…	COMPLEXITY
Normally $50,000 or less	**199N**	**Low**
Normally greater than $50,000	**199**	**Medium**

- The FTB requires the applicable form in the 199 series to be filed by the 15th day of the 5th month after your PTA's fiscal year ends. For example, if your PTAs fiscal year ends on June 30, the applicable form must be **filed with the FTB by November 15**. Please check your bylaws for your fiscal year end to determine your filing deadline.

- For more information on filing requirements, Exempt Organization Forms and Publications, please visit the following page at the FTB's website: https://www.ftb.ca.gov/file/business/types/charities-nonprofits/annual-and-filing-requirements.html

- If your PTA generates *unrelated business income* in excess of $1,000 during the year, it may be required to file FTB Form 109*, California Exempt Organization Business Income Tax Return*, in addition to form 199-N or 199. For more information, please visit the page listed above for FTB Exempt Forms and Publications.

3) Attorney General's Registry of Charitable Trusts

- The Attorney General's Registry of Charitable Trusts (AG/RCT) requires all charitable organizations operating in the State of California, including PTA units, councils and districts, to be registered with the Registry of Charitable Trusts and to file Form RRF-1 annually.

- The AG/RCT requires Form RRF-1 to be filed by the 15th day of the 5th month after your PTAs fiscal year ends. For example, if your PTAs fiscal year ends on June 30, Form RRF-1 must be **filed with the AG/ RCT by November 15**. Please check your bylaws for your fiscal year end to determine your filing deadline.

- A copy of IRS form 990 or 990-EZ as filed with the IRS is required along with Form RRF-1 for registrants with gross receipts of more than $50,000.

- Beginning with the 2019-20 fiscal year, the Registry of Charitable Trusts requires registrants with gross receipts of $50,000 or less to file Form CT-TR-1 Treasurer's Report together with Form RRF-1.

- For more information as well as the forms and instructions, please visit the AG's website at: https://oag.ca.gov/charities/renewals

- **If your PTA does not have a CT number yet, *please complete the INITIAL REGISTRATION NOW* as the process can take approximately 90 days to complete.**

Don't Forget
The Attorney General's Office

✓ YOUR ORGANIZATION MUST BE REGISTERED WITH THE ATTORNEY GENERAL'S OFFICE

Pursuant to Government Code sections 12585 and 12586, unless exempt by law, every charity, unincorporated association, or trustee holding assets or soliciting donations in California for charitable purposes is required to register with the Attorney General's office. To start the initial registration process visit oag.ca.gov/charities

✓ YOUR ORGANIZATION MUST HAVE A CURRENT REGISTRATION STATUS TO SOLICIT

Registration must be renewed each year. The Registration Renewal Fee Report must be filed annually to remain in compliance with the reporting requirements of the Attorney General's office. Failure to file required reports may result in a delinquent status.

✓ HOW TO VERIFY YOUR ORGANIZATION'S STATUS

The Registry Verification Search tool can be used to verify an organization's status and is located at: rct.doj.ca.gov.

www.oag.ca.gov/charities

- Guide for Charities
- Charity Audit Requirements
- Frequently Asked Questions
- Instructions for Registration / Reporting Forms for:
  - Charities
  - Fundraisers
  - Raffles
  - Fundraising Counsels
- Model Contract for Charities
- Using Commercial Fundraisers
- Guide for Dissolving a Charity
- Charities Search Tool

Resources and Instructions are Available on the Attorney General's Charities website

Charities with Questions, Contact the Registry of Charitable Trusts
(916) 210 - 6400 or use the "Registry Contacts" form on the Attorney General's Charities website oag.ca.gov/charities/contacts

OPERATING CHARITIES IN CALIFORNIA

Is your organization registered?

To receive grants, solicit funds or receive donations, charitable organizations must be registered with the Attorney General's Registry of Charitable Trusts unless exempt by law. To register, charitable organizations must submit the required registration documents: Form CT-1 and the organization's founding records (e.g., Articles of Incorporation, Trust). Please note the registration process may take up to 90 days. For more information on the initial registration process, please visit our Registration page at https://oag.ca.gov/charities/initial-reg. We also have an Initial Registration Webinar available to walk you through the registration process. The Initial Registration Webinar can be accessed at https://oag.ca.gov/charities/initial-reg#webinar. Once registered, the charity must renew its registration each year.

Registration must be renewed each year. Is your organization current in its registration and reporting requirements?

Every year, charitable organizations are required to file the Registration Renewal Fee Report, known as the RRF-1 form, with the Attorney General's Registry of Charitable Trusts. Other requirements may include submitting renewal fees and filing copies of the organization's IRS Form 990 or the CT-TR-1 form. Failure to file annual reports may result in a delinquent status and may subject the organization to late fees and penalties. For more information about annual registration renewal requirements, please see our Annual Registration Renewal page at https://oag.ca.gov/charities/renewals.

Verifying your organization's registration status

Charitable organizations may view their registration status with the Registry of Charitable Trusts by using the Registry Verification Search Tool on the Attorney General's website located at http://rct.doj.ca.gov. A status of *Current* means the organization is in compliance with its registration and reporting requirements and can operate in California. Organizations showing a *Not Registered* or *Delinquent* status should visit the Attorney General's website for additional information. Please see the Registry contact information below.

Is your organization listed as *Delinquent or Suspended* with the Registry of Charitable Trusts?

An organization listed as *Suspended* or *Delinquent*- is not in good standing and may not operate. The organization must remedy the problems that resulted in its delinquent or suspended registration status. Please see our Delinquency page at https://oag.ca.gov/charities/delinquency. You can also view our Delinquency Webinar which covers all of the steps required to cure a delinquency status. The Delinquency Webinar can be accessed at https://oag.ca.gov/charities/delinquency#webinar.

Contact Information and Publications

The Attorney General's Guide to Charities provides tips for operating a charity can be found here: https://oag.ca.gov/charities#guide. You can also download forms required to register and you can renew registration online. For more information, please visit the Attorney General's website at https://oag.ca.gov/charities. For further assistance or questions, please visit our Registry contacts page located at https://oag.ca.gov/charities/contacts.

WORKERS' COMPENSATION

IMPORTANT NOTICE:

The online process for submitting the Workers' Compensation Annual Payroll Report for the period of January 5th, 2022 through January 4th, 2023 and the related surcharge payment, if applicable, will be available starting December 15th.

PTAs at all levels submit these items to AIM, California State PTAs insurance broker. **Please do NOT submit those items using the form from a prior year**.

Companies no longer need to be reported as payees in your Workers' Compensation Annual Report. Only individuals paid directly by the PTA for services need to be reported. This includes employees, individuals you issue 1099s to, and ANY other individual that was paid for services directly by the PTA.

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Workers' Compensation Annual Payroll Report Instructions and Reporting Requirements of PTAs

Who will need to report?

All unit, council, and district PTAs are required to submit a report, ***even if no one was paid***.

- If your PTA ***does not make any direct payments*** for services to individuals between January 5, 2022 and January 4, 2023, your report will simply confirm that.
- If your PTA ***does make direct payments*** for services to individuals between January 5, 2022 and January 4, 2023, please gather the information below in order to report those payments.

PTAs at all levels submit these items directly to Association Insurance Management, Inc. (AIM), California State PTAs insurance broker. ***Please do NOT submit those items using the form from prior years***.

What is the due date for the report?

Please be prepared to submit the report after the end of this policy year no later than **January 31, 2023**

What information will need to be submitted?

In order to submit a report, you will need the following information for each individual your PTA paid directly for services between January 5, 2022, through January 4, 2023:

1) Name of Payee
   - The name reported should match the name that the payment for services was actually made to.
   - Donations to a school district to pay workers are ***NOT reportable***.
2) Work Description
   - The description of work reported should be clear, concise, and accurate. This information will be used to classify the payee for purposes of the annual Workers' Compensation Premium Audit.
3) Whether or not the Payee Carries Their Own Workers' Compensation Insurance (WCI)
   - If so, please be sure to obtain a Certificate of Insurance (COI) from the payee documenting that they had active WCI during the dates on which the services provided were performed. The COI will need to be included with the report for any workers reported to have their own WCI (refer to the example attached). Payments to those workers are NOT included in the amount subject to the 5% surcharge.
   - If not, payments to the worker will need to be included in the amount subject to the 5% surcharge. The amount subject to the 5% surcharge is calculated by adding all payments your PTA made between January 5, 2022, and January 4, 2023, directly to workers that do not have their own WCI and then subtracting $1,000.

4) Dates Worked

   - The actual dates or date ranges that each payee worked related to direct payments your PTA made between January 5, 2022, and January 4, 2023, will need to be reported.

5) Amount Paid

   - The total paid directly to each worker between January 5, 2022, and January 4, 2023 will need to be reported.

6) Surcharge

   - The first $1,000 in payments by each unit, council, and district PTA during the policy year to workers without their own Workers' Compensation Insurance (WCI) is built into the annual premium that unit, council, and district PTAs remit to the California State PTA as part of the Insurance Program.
   - If a PTA makes more than $1,000 in payments to workers without their own WCI in this policy year, January 5, 2022, through January 4, 2023, there is a surcharge of 5% of the amount in excess of $1,000 to offset the costs of additional risk and ultimately higher premiums.
   - In order to calculate the surcharge due, if any, first total all direct payments to all workers without their own WCI between January 5, 2022, and January 4, 2023. Next, subtract $1,000 from that total. Finally, multiply the result by 5% to arrive at the surcharge due from your PTA. If the result is negative, no surcharge is due.
   - To illustrate calculating the surcharge, assume a PTA made direct payments of $5,000 to one worker and $3,000 to another, each without their own WCI, between January 5, 2022, and January 4, 2023. A surcharge of $350 would be due from that PTA calculated as follows: subtract $1,000 from the $8,000 total payments made to workers without their own WCI and then multiply the result, $7,000, by 5% to arrive at the $350 surcharge due.

Why does this information need to be submitted?

1) California Labor Code Compliance

   - The State of California generally requires any organization considered to be an employer to provide Workers' Compensation insurance for its employees. In order to help ensure compliance, California State PTA carries Workers' Compensation Insurance for all operations of the PTA as part of its Insurance Program which requires all unit, council, and district PTAs to participate.

2) California State PTA's Annual Workers' Compensation Insurance Premium Audit

   - The annual premium California State PTA pays to carry Workers' Compensation Insurance for all levels of PTAs in California is primarily based on the total payments to workers without their own Workers' Compensation Insurance paid by every unit, council, and district PTA each policy year and the type of work for which those wages were paid.
   - The information reported by each unit, council, and district PTA is ultimately reported to the insurance carrier for the purposes of the annual Workers' Compensation Premium Audit.

ACORD CERTIFICATE OF LIABILIT INSURANCE

DATE MM/DD/ 01/0 /2019

T IS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONL AND CONFERS NO RI TS UPON T E CERTIFICATE OLDER. T IS CERTIFICATE DOES NOT AFFIRMATIVEL OR NE ATIVEL AMEND, E TEND OR ALTER T E COVERA E AFFORDED B T E POLICIES BELOW. T IS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN T E ISSUIN INSURER S , AUT ORI ED REPRESENTATIVE OR PRODUCER, AND T E CERTIFICATE OLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy ies must e endorsed. If SUBRO ATION IS WAIVED, su ect to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer ri hts to the certificate holder in lieu of such endorsement s .

PRODUCER	
Insurance Producer Name Address Phone Num er	CONTACT NAME: Vendor s A ent P ONE A/C, No, E t : — FA A/C, No : E MAIL ADDRESS: PRODUCER CUSTOMER ID :

INSURED	INSURER S AFFORDIN COVERA E	NAIC
Vendors Name Address	INSURER A : Insurance Company	
	INSURER B : Insurance Company	
SAMPLE FOR VENDOR'S INSURANCE AGENT	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERA ES CERTIFICATE NUMBER: REVISION NUMBER:

C C C C C C C C C C C C C C C C C C C C C C C C C C C

INSR LTR	T PE OF INSURANCE	ADDL INSR	SUBR WVD	POLIC NUMBER	POLIC EFF MM/DD/	POLIC E P MM/DD/	LIMITS	
A	ENERAL LIABILIT C C C CC C C C			Policy Num er	dates must be current at event		C CC C	1,000,000
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A	AUTOMOBILE LIABILIT C			Policy Num er Auto needed for transportation or if vehicle(s) on site of event	dates must be current at event		C a a ident)	5,000,000
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B	WOR ERS COMPENSATION AND EMPLO ERS LIABILIT / N C C C Mandatory in N f es des ribe under C belo	N/A		Policy Num er Work Comp.only needed if vendor has employees working at event	dates must be current at event		C	
							C CC	1,000,000
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DESCRIPTION OF OPERATIONS / LOCATIONS / VE ICLES Attach ACORD 101, Additional Remarks Schedule, if more space is required

California State PTA, all units, councils and districts of the California State PTA and all of their officers, directors, mem ers and Volunteers are named as Additional Insured per the attached Additional Insured endorsement.

CERTIFICATE OLDER	CANCELLATION 10 Days for Non Payment
California State PTA c/o AIM Association Insurance Management 12221 Merit Dr., Ste 1670 Dallas, TX 75215 or Unit s Address for Specific Event	S OULD AN OF T E ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE T E E PIRATION DATE T EREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WIT T E POLIC PROVISIONS. AUT ORI ED REPRESENTATIVE Signature

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PTA as an Employer

Employers are subject to extensive, complex, and constantly changing federal, state, and local compliance and tax filing requirements. **Failing to meet those requirements can result in significant civil and criminal penalties.** Since school districts generally have the ability, experience, and expertise to meet these requirements, it is **recommended that whenever possible PTAs gift funds to the school district to procure services**. If funds are gifted to procure services, it is important to communicate to the school district that the financial gift is NOT an ongoing commitment since each PTA's budget must be adopted annually.

It is recommended that PTAs choosing to directly procure services seek assistance from compliance, legal, and tax professionals to ensure all applicable compliance and tax filing requirements are identified and met. At a minimum, PTAs must seek and regularly monitor guidance from authoritative sources including but not limited to the Internal Revenue Service (IRS), Department of Labor (DOL), the State of California Employment Development Department (EDD), the State of California Franchise Tax Board (FTB), and the State of California Department of Industrial Relations (DIR).

The following is a brief overview of some common employer compliance and tax filing requirements. It is not intended to be a complete list or constitute legal or tax advice.

- **Worker Classification**

  Workers receiving compensation from your PTA for providing services generally need to be classified as an employee or independent contractor. This classification affects many of your PTAs employer compliance and tax filing obligations. Therefore, it is important for your PTA to identify the applicable criteria for making the classification and apply that criteria to the facts and circumstances to determine the appropriate classification of each worker.

- **Background Checks and Other Hiring Requirements**

  All personnel who work on a school campus, regardless of whether they are classified as employees or independent contractors, must be fingerprinted and undergo a background check. Also, all personnel employed by your PTA must meet school district health screening requirements AND comply with school district procedures for detecting and reporting suspected child abuse, as required by state law. Finally, minors employed in the state of California must have a Work Permit.

- **Documentation**

  The following documentation should generally be collected for workers classified as employees: U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification; Internal Revenue Service (IRS) Form W-4, Employee's Federal Withholding Certificate; and Employment Development Department (EDD) Form DE-4, Employee's State Withholding Allowance Certificate.

  The following documentation should generally be collected for workers classified as independent contractors: Internal Revenue Service (IRS) Form W-9, Request for Taxpayer Identification Number and Certification; Franchise Tax Board (FTB) Form 590, Withholding Exemption Certificate; and Certificate of Liability Insurance (COI) demonstrating contemporary general liability, employer, and workers compensation coverage.

- **Notices and Posters**

  State and federal regulations require employers to display various up-to-date posters and notices to workers.

- **Workers' Compensation**

  California law mandates that every employer shall establish, implement, and maintain an effective Injury and Illness Prevention Program. Any PTA that pays wages directly to an individual and reports said employment on the Workers' Compensation Annual Payroll Report must comply with this mandate.

- **Wages, Withholding, and Employer Taxes**

  There are federal, state, and local requirements regarding compensation of workers classified as employees including but not limited to minimum wage, overtime, sick leave, and other leaves of absence for a variety of reasons. PTAs with workers classified as employees must identify all applicable requirements and ensure compliance with them. The U.S. Department of Labor is an authoritative source of federal guidance and the State of California Department of Industrial Relations is an authoritative source of state guidance. Both websites are listed in the employer resources section below.

  For workers classified as employees, employers generally have a number of withholding requirements including but not limited to federal and state income tax withholding, Social Security and Medicare (commonly referred to as FICA), and California State Disability. In addition, employers with workers classified as employees are generally subject to a number of employer taxes including but not limited to Social Security and Medicare (commonly referred to as FICA), California State Unemployment Insurance, and California State Employment Training Tax. Payment of withholding and employer taxes is required at regular intervals which must be determined each calendar year based on the guidance issued by the federal or state agency to which payments will be made.

- **Reporting**

  Following is a list of common filing and reporting requirements related to workers classified as employees:

  - ✓ IRS Form 941, Employer's Quarterly Federal Tax Return
  - ✓ IRS Form 944, Employer's Annual Federal Tax Return
  - ✓ IRS Form W-2, Wage and Tax Statement/Form W-3, Transmittal of Wage and Tax Statements
  - ✓ EDD Form DE-9/DE-9C, Quarterly Contribution Return and Report of Wages
  - ✓ EDD Form DE-34, Report of New Employees

  Following is a list of common filing and reporting requirements related to workers classified as independent contractors:

  - ✓ IRS Form 1099-NEC, Nonemployee Compensation (use beginning with tax year 2020 instead of 1099-MISC)
  - ✓ EDD Form DE-542, Report of Independent Contractors
  - ✓ FTB Forms 592/592-B Resident and Nonresident Withholding and Tax Statements

- **Planning and Approvals**

  Refer to the California State PTA Toolkit at http://toolkit.capta.org/ for requirements.

Failure to Fulfill Employer Responsibilities

Failure by an employer to pay taxes due or to withhold required amounts from an employee's wages can result in substantial penalties to the employer. Refer to the current *IRS Publication 15, Circular E, Employer's Tax Guide* and the current *California Employer's Tax Guide* for detailed information regarding penalties.

Employer Resources:

- California State PTA Toolkit http://toolkit.capta.org/?s=pta+as+an+employer
- IRS Publication 15, (Circular E) Employer's Tax Guide https://www.irs.gov/publications/p15
- IRS Publication 509, Tax Calendars https://www.irs.gov/forms-pubs/about-publication-509
- EDD California Employer's Guide (DE44) https://www.edd.ca.gov/Payroll_Taxes/Employers_Guides.htm
- State of California Department of Industrial Relations https://www.dir.ca.gov/
- California Tax Service Center https://www.taxes.ca.gov/
- U.S. Department of Labor https://www.dol.gov/

ADDITIONAL INFORMATION & REMINDERS

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PTA FINANCES AND EMAIL: PHISHING SCAMS

If you receive an email from a fellow PTA officer, or anyone, asking for funds to be wired, gift cards to be purchased, or sensitive information to be provided, BEWARE!

Email phishing scams as well as ransomware and other malware attacks are increasingly common and can have devastating impacts on individuals, companies, and non-profit associations of all sizes, including PTAs. In fact, PTAs in California and across the country have been targeted for these scams and attacks, which are growing in both numbers and sophistication.

Spear Phishing is currently one of the most pervasive scams that target PTAs. This scam is the fraudulent practice of sending emails that appear to be from a known or trusted sender, often another PTA officer or a vendor such as the organization's bank, in order to induce targeted individuals to transfer funds, purchase gift cards, reveal sensitive information, or open attachments or links that contain malware.

Protect your PTA from these scams and attacks by implementing the following strategies:

- Contact the purported requestor directly by phone or text to verify it is in fact them making the request.
- Contact your president and treasurer directly by phone or text to ask about the validity of the request.
- Never wire money, purchase gift cards to pay for things, or relay gift card activation information.
- Never open attachments or click on links in emails that you suspect are phishing scams.
- Keep personal and PTA technology systems and firewalls up-to-date to minimize risk of malware infection.
- **TRUST YOUR GUT!** If it seems strange, it is likely for good reason. Since email can be hacked, any strange or unusual request should be investigated directly with the appropriate persons via phone or text prior to taking action, regardless of whether or not it is coming from a known and trusted source.

Additional Resources:

- California State PTA Online Toolkit – http://toolkit.capta.org/finance/policies-and-procedures/
- Osterman Research White Paper – https://bit.ly/3m5Kumo
- All Things Secured Video – https://www.youtube.com/watch?v=yxlR1st8QKI

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California State PTA's Electronic Membership System

TOTEM

We are excited about the progress our online membership system TOTEM has made, making joining and renewing PTA membership at the local level easier.

More than 2,400 local PTAs have processed more than 300,000 memberships using our online membership system. So consider this your invitation to get started.

Scan the QR code or visit bit.ly/starttotem to learn more about this electronic membership system designed specifically for PTAs in California!

Email emembership@capta.org with questions.

Electronic Mem ership System: Important Financial Information

Stripe Payment Processing

The new electronic membership system, TOTEM, utilizes a secure third-party payment processing center known as Stripe. If your PTA unit is signed up for TOTEM and you receive an email from Stripe seeking additional information, please realize this is an additional security protection for our PTAs at every level. Please verify the browser address is correct and then follow up with the request. These verifications are there for your security.

Important FYI

Stripe may ask leaders who connect a bank account for personal information, such as your **date of birth or government IDs such as your social security number**. This is part of secondary user-identification verification that is required by Federal banking regulations known as KYC (Know Your Customer). Stripe uses this information to stay in compliance with anti-fraud and anti-money laundering regulations. When providing such information, you should double-check that your browser address begins with **HTTPS** (note the S at the end) and shows the proper name of the website you are visiting (i.e., https://stripe.com).

www.capta.org/membershipTOTEM

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