

Establishing Your PTO

Step 1

- Recruit parents and hold board member elections
- Vote for President, Vice-President, Secretary and Treasurer
- Create and vote on bylaws for the organization*

Step 2

- Apply for an EIN on the IRS Website

Step 3

- File for **Articles of Incorporation**
- **Form 202**, can be found on the Texas Secretary of States page and on our website***. Instructions for filling out are included.

Step 4

- Apply for **501(c)3 Non-Profit status** by filling out IRS form 1023 or 1023-EZ.

Step 5

- Apply for **Sales Tax-Exempt certificate****
- Form **AP-207** is available through the Texas Comptroller website.

Step 6

- Set up a **bank account** for your PTO.
- Make sure you take appropriate legal documents for setting up your bank account.

Step 7

- File IRS Tax **Form 990, 990-N or 990-EZ****
- This needs to be filled out at the end of the fiscal year by the 15th day of the 5th month after the end of the accounting period.

Step 8

- Begin to prepare for next years goals and succession planning.

* If further assistance is needed during any of these steps. Please contact your FACE specialist for further assistance.

** Please see reverse side; see what each of these documents entails and what it is used for

*** <https://www.houstonisd.org/Page/12224>

Employer Identification Number - The Employer Identification Number (EIN), is a unique nine digits federal tax identification number assigned to your organization by the Internal Revenue Service (IRS). Every PTO needs to have one to file for their taxes. To apply for an EIN, go to the IRS website and you will be able to obtain one with into seconds. Please note that you will need to enter the social security or ITIN number of one of your officers. The EIN number is used for various documents including when filing for your Sales Tax-Exempt Certificate, opening a bank account, and filing for your PTO's taxes.

Bylaws - Bylaws are the broad rules that govern how your group is organized and run. Every parent group should have bylaws, and every new leader should read the group's bylaws. Bylaws cover topics such as the makeup of the executive board, how officers are elected, and membership requirements.

Articles of Incorporation - This document is located on the Texas Secretary of State website. Look for Form 202. This document is filed to create a corporation on behalf of your PTO. This helps protect the officers and members of the organization in the event of a legal dispute against the organization. Filing fee for a non-profit organization is \$25. It can be mailed or completed and submitted electronically. Visit our website for a sample on how to fill out the document. Allow 10 days to 2 weeks for document to be approved. Keep copy of document on file; this information will be used for other documentation.

501(c)3 Non-Profit Status - A 501(c)3 non-profit status is a designation given to organizations that meets the charitable criteria set by the IRS, allowing them to receive contributions without being taxed for it. To become a 501(c)3 organization complete IRS Form 1023 or Form 1023-EZ. It is important to file your taxes annually and on time to keep your non-exempt status. You will need your PTO's EIN number to file, as well as a copy of the Articles of Incorporation, meeting minutes and your PTO's Bylaws. There is an option to file Form 1023-EZ online with a fee of \$275 and if you don't qualify for the online option, you can mail in Form 1023 for a fee of \$600.

State Tax Exempt Certificate - A sales tax exemption certificate exempts your PTO from collecting and paying state sales tax on qualifying activities, including purchasing of goods and services that would normally be subject to a sales tax. A PTO needs to have their own sales tax-exempt certificate. They cannot use the school's sales tax-exempt certificate. You can obtain a sales tax-exempt certificate by applying for one on the Texas Comptroller website. You will need the PTO's EIN number for this step as well as the filing number obtained from the Articles of Incorporation.

Form 990, 990-N or 990-EZ – Your tax statement is due to the IRS by the 15th day of the fifth month following the end of your fiscal year. You will need the following information to complete Form 990, 990-N or 990-EZ:

- ✓ Your PTO's tax identification number
- ✓ The tax year you are reporting
- ✓ The PTO's legal name and mailing address
- ✓ Any other name(s) the PTO uses
- ✓ The name and address of a principal officer
- ✓ The PTO's website address, if it has one
- ✓ Confirmation that the PTO's annual gross receipts were less than or equal to \$50,000
- ✓ If applicable, a statement that the PTO has disbanded (hope not!)