

# **TWENTY-THIRD DISTRICT PTA**



## **GENERAL FINANCIAL TRAINING**

### **A WORKSHOP FOR PTA BOARD MEMBERS & VOLUNTEERS**

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## **I. Overview:**

PTA finances can be very challenging, but they can also be a piece of cake. It all depends on if the rules are followed and if the individuals involved understand that the rules are there to protect everyone. PTA financial procedures are put in place so that everyone in the Association is on the same page. If the rules are followed, you won't have any problems.

In PTA, it is the Treasurer's responsibility to insure that all PTA rules and guidelines are followed with regards to the Association's finances. It is the Association's responsibility to determine how funds are to be spent. This means that as a group you determine what to do with the funds, but the Treasurer is sometimes the heavy when it comes to enforcing policies & procedures. Please understand that the Treasurer doesn't make the rules, he/she just follows them.

As a PTA Board member you will be in the position to do three basic things when it comes to finances. They are:

1. Monitor the budget & financial activity,
2. Count incoming funds;
3. Request funds for re-imbusement or bill payment.

In all three areas it is important to remember that whenever finances are involved **things take time and you must plan ahead.**

## **II. FINANCIAL RESPONSIBILITY OF BOARD MEMBERS**

PTAs must be fiscally responsible to its members and need to ensure that all financial procedures are followed. This is the responsibility of all members of the executive board.

### **Principles of Financial Management**

- Never sign a blank check.
- Never write a check to "cash."
- Two signatures are required on ALL CHECKS. The authorized signers shall not be related by blood or marriage or reside in the same household.
- Never record Council, District, State or National portions of membership dues as unit income.
- Never deposit association funds in a personal/school account (commingling).
- Always issue a receipt for cash received.
- Ensure record keeping is complete and accurate; leave a paper trail for the auditor.
- Conduct audits two times per year, or as necessary (per bylaws).
- All check signers must be elected officers as specified in the bylaws.
- Give itemized bills, sales slips, receipts to treasurer for payment by check.
- Pay all bills promptly.
- Do not pay bills with cash.
- All payments must be authorized by membership.
- If the exact amount of the check is not known, make a motion to pay with an amount "not to exceed the budgeted amount of \_\_\_\_\_."

### **Banking**

- Use school address for bank statements and bank correspondence.
- Reconcile statements monthly.
- It is recommended for the protection of the PTA, that the auditor or another elected officer who does NOT sign PTA checks open the monthly bank statements.

- Investigate checks that don't clear.
- Keep thorough records.
- Use cash verification form.
- Deposit money immediately.
- Checks – Request that your checks be returned with your statement. Your PTA may be required to pay a fee for this service.

### **Fund Raising**

- Remember, PTA is not a fund raising organization.
- Follow the 3 – 1 rule: 3 programs for every 1 fund raiser.
- Do not exploit children.

### **Contracts**

- Ensure that all activities are approved in advance by the membership.
- Obtain the contract in writing.
- DO NOT SIGN a contract unless you understand the conditions.
- DO NOT SIGN A CONTRACT, if the PTA is made responsible for injury/damages.
- DO NOT SIGN A CONTRACT until the executive board and the association have voted to approve the contract.
- All contracts must be signed by the President, and one other elected officer.

## **III. Monitoring The Budget & Financial Activity**

As a PTA Board member it is your responsibility to make sure that all Financial Procedures are being followed. Listed below are some things that all PTA Board members should do with regards to monitoring finances:

1. Be familiar with what activities are taking place that involve money, and look to see that appropriate financial transactions are taking place within that activity's time frame. *For example, if you are running a book fair you should have deposits made to the bank during that time frame.*
2. Listen to the discussions or ask questions to ensure that money is being handled appropriately. *For example, if membership numbers are being reported, ask who counted the money if you do not already know.*
3. Look for financial reports and make sure that you understand how they work. If you do not understand, or if the report is not clear, take the time to clarify right then and there. **Never say, "Oh well" and let it go.**
4. Ask for updates on how the Association is doing compared to last year and compared to the current budget. If numbers are way off, ask why. Usually a unit's finances are very similar from year to year. If there are big discrepancies you should analyze them.

## **IV. Financial Calendar:**

### **July / August**

- Previous year audit should be in process.
- Turn over checkbook to incoming treasurer.
- Change signers on the bank account as necessary.
- Prepare budget.
- Present budget to the executive board for approval.
- Present budget to the Association for adoption.

### **September**

- Send the first remittance of per capita dues through channels. Send monthly thereafter.
- Submit Assessment Fee to Council
- Annual Financial Report – last year
- Year-end audit – last year
- Submit budget to Council

### **October**

- Prepare tax forms as required
- Early bird membership deadline

### **November / December**

- Send checks for insurance premiums through channels.
- Pay Convention housing deposit, if required by PTA district.
- Send the Worker' Compensation Report through channels.

### **January**

- Submit books for mid-year audit.

### **February**

- Send Founders Day freewill offering through channels.
- Mid-year audit is due to Council.

### **March**

- Ensure all per capita dues have been forwarded through channels.

### **April**

- Issue convention checks for authorized expenditures for elected delegates.
- Counterparts Workshop Registration – Early bird

### **May / June**

- Attend workshops for financial officers when offered.
- Prepare Annual Financial Report and tax reports
- Obtain new bank account signature cards to assist incoming officers.
- Submit books for end-of-term audit.
- Give financial records and materials to the incoming treasurer.

## V. Counting Incoming Funds

In order to ensure the integrity of the PTA funds, it is important for everyone to understand the basic rules and to follow them. Listed below are some basic guidelines for counting PTA funds:

1. Before any funds are counted, or before any sealed envelopes are picked up from the school, a time and place for counting must be arranged. Make sure that the Treasurer is available to receive the funds once the counting is complete.
2. All PTA funds should be counted at the school in a secure location. Counting funds at a private home increases risks and is not acceptable.
3. Any two PTA Board members (except for auditor) can count funds. The two members may not be related by blood or marriage or live in the same household.
4. All PTA funds received (including checks) must be listed on a Cash Verification Form. Once funds are totaled and verified by both counters the form must be signed by both individuals. A supply of these forms should be available to everyone counting funds.
5. Once funds are counted, listed and verified, they are given to the Treasurer. The Treasurer is then responsible for completing all appropriate accounting steps and depositing the funds in the bank.
6. All PTA funds should be deposited in the bank the same day they are counted. If funds are counted after banking hours, arrangements should be made to lock the verified deposit in the school safe overnight. Another option is for the PTA unit to make arrangements with the bank for a night drop key. This way funds can be dropped at the bank after hours.
7. No one should ever have sole custody of unverified funds of any kind.

## VI. Requesting Funds

When requesting funds for either re-imbursement or for bill paying, it is important to understand that **this process takes time and you must plan ahead**. Not only must all expenses be approved, but also each check requires two signatures. Listed below are some guidelines that will make the entire request for funds process easier:

1. Do not spend money or commit to paying a bill until the PTA Board has approved the expense. Each expense must be approved separately, regardless of whether it is in your budget or not. A budget is only a plan, not a green light to spend at will.
2. Make sure to plan for expenses that will be coming up during future months, and get a "Not to Exceed" approved at your board meetings. This will allow the Treasurer to write checks up to specified dollar amounts between board meetings.
3. All expenses must be aligned with the budget. If new items come up, a budget revision must be done before the expenses can be paid. Budget revisions must be approved by the membership.

4. Understand that no checks will be written until the expenses are approved as stated above.
5. To request payment of an approved expense, complete a warrant listing the expenditures and attach receipts. Submit to the Treasurer for payment.

## **VII. Mismanagement of Funds:**

The elected officers of the PTA are responsible to the members of the Association for proper management of PTA funds. The elected officers of the PTA can be held personally liable for mismanagement of funds.

### **Signs of Mismanagement:**

- No cash verification forms
- Money not counted by two people
- Missed meetings
- Doesn't return phone calls
- Lack of receipts
- NO TREASURER'S REPORTS
- Payments made in cash rather than check;

### **If there is a concern by any member of the PTA, they should contact:**

- Council President (if in Council) or
- District PTA President

Remember, these are only signs and are not evidence of wrong doing so **do not make any implicit, explicit, oral or written statements or accusations.** Keep everything confidential within the executive committee. Be discreet.

### **If mismanagement is suspected:**

- Audit all accounts immediately
- Do not offer or accept restitution
- Contact Council / District with findings
- Council / District will guide you with appropriate steps to resolve your issue.

### **Commingling of Funds:**

A PTA unit is a nonprofit, private organization. PTA must handle only those funds over which it has full control. All PTA monies and other assets are the property of the PTA Association and shall be administered through its own accounts. For tax reporting & filing purposes, the IRS considers all monies deposited to the PTA account as that PTA's gross receipts, excluding funds forwarded through channels.

PTA shall not:

- Deposit funds from other groups in the PTA account
- Deposit PTA funds in a personal account
- Deposit PTA funds in the school account

## **VIII. Financial Do's and Don'ts**

- **DO** have two people count money...the auditor should never count money.
- **DO** ask if you have questions. No question is ever stupid or dumb.
- **DO** deposit PTA funds in the bank immediately.
- **DO** verify that an expense is authorized before writing a check.
- **DO** check receipts carefully for reimbursements. Make sure you are only paying for PTA items and not personal items.
- **DON'T** use an ATM card with PTA accounts.
- **DON'T** purchase SCRIPT. 23<sup>rd</sup> District PTA has banned the use of SCRIPT.
- **DON'T** use ELECTRONIC BANKING with PTA accounts.
- **DON'T** sign a blank check.
- **DON'T** pay a bill with cash.
- **DON'T** deposit PTA funds in a personal or school account.
- **DON'T** leave money at someone's home.
- **DON'T** use a pencil for the checkbook, Ledger or Treasurer's Book.
- **DON'T** make a donation to another organization, including booster clubs.
- **DON'T** give personal gifts to school officials or your PTA board. If you want to give a gift ask for donations from the board.

## **IX. PTAs and Staff Appreciation**

The California State PTA understands the importance of staff appreciation in building a stronger home to school connection. We believe that the PTA resources can be used for this type of expense; however we must maintain our nonprofit status as governed by the Internal Revenue Service Code section 501 (c) (3). Within the language of the code, the IRS does permit expenses that are not directly related to the primary purpose of the PTA if the expenses are **not of a significant amount**. "Not of a significant amount" is defined by the **IRS** as an amount that **does not exceed 5% of the nonprofit organization's annual budget.**

Acceptable types of expenditures may include a staff lunch as long as the expenses follow the above guidelines and the expenses **are approved by the membership**. PTA monies **cannot** be used to purchase personal gifts for any staff or PTA member.

Remember the 5% rule applies to all expenses that are not directly related to the primary purpose of the PTA, which would include all areas of hospitality not just staff appreciation.

## X. How To Fund Raise For Your PTA

### Understanding PTA's Perspective on Fund Raising

- PTA is not a fund raising organization.
- PTAs should raise only the funds necessary to meet their annual activities and projects as outlined in the PTA's adopted budget.
- PTA should remember the 3-to-1 rule when planning activities.

*For every fund raising activity, there should be at least 3 non-fund raising projects aimed at helping parents or children, or advocating for school improvements.*

- PTA can just as easily work on a project advocating for school funding as running a fundraiser.

### Understand Why To Raise Funds

- To pay for enrichment programs.
- To pay for organizational expenses, such as insurance, postage, copies, newsletters, flyers, hospitality, representation at state convention, leadership training and Honorary Service Awards.
- To pay for special projects.

### Evaluate Proposed Projects

Ensure that all projects...

- Involve as many members as possible.
- Are fun.
- Respect religious and ethnic diversity.
- Do not exploit children.
- Are not a burden to the school staff.

*Present all proposed projects to the association for approval.*

### Evaluate the Fund Raising Company

- Research several fund raising companies.
- Invite several companies to give presentations in order to compare several programs.
- Don't select a company based on one criterion, such as percentage profit.
- Higher quality items will generate more sales and will enhance the reputation of PTA.
- **ASK** the following questions in advance to make the fund raising effort as simple as possible.
  - ✓ Is shipping an additional cost?
  - ✓ Who pays the sales tax? PTA or the fund raiser?
  - ✓ Is the Fund raising Company listed in the Insurance and Loss Prevention Guide?
  - ✓ How long has the company been in n business?
  - ✓ Ask for 2 or 3 references. If the company will not provide references, it is an indication not to use their services.

### Understand the Responsibilities of Signing Contracts

- The executive board and the Association must approve the fundraiser.
- The contract must be in writing.
- Have the contract signed by **2 elected officers, one of whom must be the president.**

## **XI. Guidelines for Gifts to Schools**

PTA programs promoting parent education, home and school cooperation, children's well being, community betterment and funding for education **must** have first call on PTA funds. However, when a PTA is asked to purchase or provide materials for the local school, it is necessary to follow certain guidelines so that the gift will be acceptable to both the PTA membership and the school district.

**“The PTA should be guided by the principles that a gift to the school should benefit the largest possible number of students.”**

The membership of the PTA **must** approve the expenditure of all funds, and **must** approve the monies to be used for purchasing school equipment. This approval **must** come in the form of a vote at a meeting of the membership and **must be recorded in the minutes** of the meeting.

As PTA membership is new each year, funds cannot be committed from one year to the next. All projects and programs must be voted on by the current year's membership.

Some school districts have policies and regulations on accepting “gifts”. Be sure to check these before you decide to purchase materials for the school. Your “gift” should be in the form of a donation and must be accepted by the school board and so noted in its minutes. Thus, the school district will assume responsibility for the liability, maintenance and up-keep of any equipment purchased.

Remember a “gift” to the school, accepted by the school district, becomes the property of that district and can be moved/used at any school within the school district.

At the first association meeting following the acceptance of the “gift” by the school board, a description of what was given to the school district and the date the school board accepted it must be recorded in the minutes.

### **Field Trips**

- Must be approved by the School Principal; School District PTA membership and recorded in its minutes;
- PTA members should not assume responsibility for the transporting of students, PTA's Liability insurance does not cover this.
- Funds should be paid into the school district general fund, earmarked for the payment of buses, admission etc., for your school.

### **“Gift” Funds for School Aids, Special Instructors and Enrichment Programs**

- Must be approved by PTA membership and recorded in its minutes; School Principal; School District; School Board and recorded in its minutes.
- Funds should be deposited with the School District, so that the employee is covered by the School District insurance.
- Program, subject matter and instructor must be approved by the School District.
- Use of on-campus facilities must be approved by the Principal and the School District.

### **Major Purchases**

Computers, copy machines, TV/VCR's, air conditioners, audio-visual equipment, etc.:

- Must be approved by PTA Membership and recorded in its minutes; School Principal; School District; School Board and recorded in its minutes.
- Must meet school district standards, and might have to be purchased through the district.
- Will become property of school district, who will be responsible for liability and maintenance.

- Can be moved within the school district.

(If possible, try to reach an agreement with the school whereby the PTA could use the computer and/or copier to produce PTA materials).

#### **Books, Calculators, Classroom Supplies, etc.**

- Must be approved by PTA membership and recorded in its minutes; Classroom teacher; School Principal
- Must meet school district standards.
- Will become part of the schools inventory.

#### **Playground Equipment, Classroom Furnishings, etc.**

- Must be approved by PTA membership and recorded in its minutes; School Principal; School District; School Board and recorded in its minutes.

These purchases are made through the school district for uniformity within the district. If installation is required, it must be done by the school district to meet its standards. School District must assume liability in case of injury or malfunction. Maintenance must be responsibility of School District.

PTA funds are **NOT** to be used to purchase personal gifts for individuals, such as PTA members and/or school staff.

PTA funds are **NOT** to be used to purchase equipment for staff lounges and lunchrooms nor for furnishings for principals' offices, etc.

If your membership determines that such "gifts" are necessary, appoint a committee to accept "free will" donations and use only those funds collected for said "gift".

#### **PTAs and Classroom Supplies**

Mini grant programs are acceptable as long as proper procedures are followed:

PTA can offer teachers (and staff) funds to purchase classroom supplies such as art paper or books, **if receipts are provided**; however, **do not give money up-front**. Develop a list of approved purchases that will benefit all children in the classroom. Always require receipts in order to reimburse the teacher (staff member). You may also set up an approved mini grant program that allows teachers (or staff members) to apply directly to the PTA for supplies needed. A committee to administer the program should be appointed by the president and ratified by the executive board. A teacher should be included on the committee.

Budget a specific amount of money for the grant program; inform the teachers of the program; set a date for applications to be submitted; the committee selects recipients and, with executive board approval, "grants" the requests. The committee may decide to grant the full request, part of the request, or none of the request. **Be firm that teachers (or staff members) must submit a bill, receipt or a purchase order for all purchases/reimbursements.** According to the bylaws, committees make recommendations, not decisions therefore the committee recommends recipients and amounts of grants to the executive board, who then **forwards the recommendations with which it concurs to the association for final approval.** The presentation could be as simple as a list of recipients, recommended amount to be granted, and purpose, with a motion to accept the recommendation of the committee with the concurrence of the executive board.

## **XII. Insurance and Hold Harmless Agreement**

### **Insurance**

California State PTA provides Comprehensive General Liability, Directors & Officers Liability, Workers' Compensation and Bonding Insurance coverage. PTA units must pay these premiums through their Councils or Districts. Failure to pay these premiums will leave your unit as a "**UNIT NOT IN GOOD STANDING**". PTA units that are deemed "not in good standing" are not allowed to attend Convention or any other State PTA programs until the premiums are paid.

Information on Liability, Bonding and Workers' Compensation insurance will be mailed out to unit presidents and treasurers in September (Fall Mailing).

### **Hold Harmless Agreement**

Hold Harmless Agreements must be given to any person or business that is providing a service for your PTA. In some cases the person or business must also name CA State PTA as "Additional Insured" on their insurance policy. Please check the **Insurance Loss and Prevention Guide** before doing any program or activity.