

# PRESIDENT'S FINANCES

**Every PTA must have a budget** that is approved by its membership before it can spend money beyond the “Startup Funds” budget line item. Determining PTA goals is a key step in the budget process. The use of funds outlined in the budget should reflect those goals. After the budget has been drafted, it must be presented by the committee chair to the Board of Directors for consideration and then to the General Membership for approval. A majority vote of the members at the General Membership meeting is required for adoption. The budget is presented item by item to allow for discussions and amendment. All expenses for the PTA are disbursed in accordance with the approved budget for that year. Funds do not have to be fully spent each year.

## Amending the Budget

The budget is an estimate of the planned revenue and expenses for the year. When there are additional expenses, differences in revenues, or a change in an approved expense, the budget must be amended by a vote of the General Membership at any regular meeting or at a special meeting called for that purpose. Any additional proposed expenditure or fundraising project, not provided for in the budget, must be presented to the association for approval before proceeding with the project or payment. To amend something previously adopted, it is necessary to have a two-thirds majority if no meeting notice was given or a simple majority if notice was given.

## PTA Books and Records

The Treasurer is responsible for maintaining the books and records of the PTA. The books include the check book, Deposit Forms, Check Requests, the approved budget, budget reports, filing taxes, and more. Online accounting software is recommended such as MoneyMinder.com. There is no ruling from the IRS, National PTA or LAPTA that limits the amount of money that a Local PTA Unit may carry over from one year to the next. This will vary from one PTA to another. If the PTA continues to carry over large sums of money, reduce the number of fundraisers to bring revenues in line with program requirements.

## Obligating Future Boards

As a 501(c)(3) organization, a PTA cannot obligate future Boards to a contract or a specific expenditure. A future Board is not required to spend funds as designated by the previous Board. Large, long-term projects should be very carefully planned and undertaken only if there is dedicated support from the General Membership. A bank account may be opened for a specific future purpose, especially if the donor’s specified what their money would support.

## PTA Audit

The purpose of an audit is to certify the accuracy of the books and records of the Treasurer. It also assures the membership that the organization's resources and funds are being managed in a professional manner. The audit process need not be complicated. A committee of three persons, none of whom are authorized to sign checks, can certify the records, using the simple procedure detailed in the LAPTA Toolkit: Treasurer. The annual audit is due to LAPTA on October 28, 2022 and should be reported to the membership.

## Treasurer's Reports

The Treasurer is responsible for preparing budget reports. A budget report showing actual income and expenses compared to the budgeted income and expenses shall be presented at each Executive Committee, Board of Directors, and General Membership meeting.



## Fundraising

**Fundraising is not a primary function of the PTA.** The real working capital of a PTA lies not in its treasury, but in its members' energy, resourcefulness, and determination to promote the well-being of children. Funds are raised when needed to conduct PTA work. Do not raise money just to raise money. National PTA suggests that when planning the year's activities, PTAs should use the **three-to-one rule**. For every fundraising activity, there should be at least three non-fundraising projects aimed at helping parents or children or others to advocate for school improvements. *See LAPTA Toolkit: Treasurer for more details.*