



PRINCIPLES OF PTA FINANCIAL MANAGEMENT

All PTA funds must be deposited directly in the PTA's bank account, never in a personal, school, or other organization's account.

Each Local PTA Unit is an independent 501(c)(3) organization that collaborates closely with its supported school. PTA funds are considered, by law, to be private funds donated or raised by the membership and deposited for the exclusive use of the organization. School accounts consist of public funds generated through taxes and distributed to the schools via legislation or other acts of government. The school is, therefore, accountable to the public for the expenditure of its funds. Funds raised by the PTA belong exclusively to the membership. They are not reportable as are public funds except to the membership of the Local Unit. PTAs are not required to provide financial reports to the school administration or school board. Therefore, all PTAs must maintain separately controlled accounts that are under the direct control of the PTA and its Board of Directors. School officials have no control over PTA funds except to the extent that a PTA works in cooperation with the principal to determine school needs and PTA assistance in meeting those needs.

Without an approved budget, there is no authorization to expend funds.

The proposed budget must be approved at the first General Membership meeting of the year. Until then, PTAs may only spend the amount of money listed in the previous year's "Startup Funds" line item. Every budget must have a line item for Startup Funds to allow for purchases prior to budget approval. Any additional proposed expenditure or fundraising project not provided for in the approved budget must be presented to the PTA for approval before proceeding with the project or payment.

When filing taxes with IRS, do not record the Louisiana and National PTA dues as income.

Local Units are required to submit member dues to LAPTA at \$3.50 per member per year. LAPTA then pays National PTA \$2.25 per member per year. These funds submitted to LAPTA are not to be calculated as gross income on the IRS tax filing. Only report the "net" income from member dues on your tax report. However, the Local Unit **budget** will reflect the actual gross and net income for dues. For example, a PTA collected 100 memberships for \$750. The PTA then submitted 100 membership dues to LAPTA for \$350. The net income from membership dues is $\$750 - \$350 = \$400$. On the IRS filing, record only \$400 as dues income.

Never sign a blank check or make a check out to "cash."

A check can be written in advance with everything filled in but the amount. Proper documentation is required as with any expenditure. Never write a check to "cash." The check should be made payable to the person or business responsible for the fund.

Always have two people sign every expenditure.

All Bylaws require two signatures to authorize every purchase. Individuals authorized to sign checks may not be related to each other by marriage or any other relationship nor should they be a part of the same household. Local Units may use debit cards issued only to those authorized on the bank account if every purchase is properly documented with receipts and two signatures.



Do not allow another organization (including the school) to pass its money through PTA accounts.

All money deposited into a PTA account is considered PTA funds by the IRS and must be reported as such, excluding the portion of member dues paid to LAPTA and National PTA.

Pay bills with a check or debit card. Never pay with cash. PTA credit cards are not allowed.

Bond all officers and chairs who oversee money to protect the PTA's assets.

Always have deposits counted and signed by two people.

Always issue a receipt for cash received.