

BUDGET (SAMPLE)

FISCAL YEAR _____

Name of Unit _____ IRS EI # _____
 Council _____ District PTA _____
 Bank Name _____ Account # _____
 Bank Address _____

BALANCE ON HAND from previous year \$ _____

ESTIMATED RECEIPTS

Interest Income \$ _____
 Membership dues (unit portion only) \$ _____
 Fundraising (list individually) _____

_____ \$ _____
 _____ \$ _____
 TOTAL \$ _____

RECEIPTS NOT BELONGING TO UNIT

Council, district, State and National PTA membership per capita \$ _____
 Founders Day freewill offering \$ _____

TOTAL \$ _____

TOTAL RECEIPTS \$ _____

ESTIMATED DISBURSEMENTS

Operating Expenses

Membership Envelopes \$ _____
 Insurance Premium \$ _____
 Newsletter and Publicity \$ _____
 Council/district PTA Leadership Workshops \$ _____
 Convention (State/National PTA) \$ _____
 Officers' and Chairmen's Reimbursement \$ _____
 Past President's Pin \$ _____
 Honorary Service Award \$ _____

Program Expenses

Programs and Assemblies \$ _____
 Reflections Program \$ _____
 Parent Involvement \$ _____
 Emergency Preparedness \$ _____
 Hospitality \$ _____

Fundraising

Carnival \$ _____
 Book Fair \$ _____
 Gift Wrap \$ _____

Unallocated Reserves

TOTAL \$ _____

DISBURSEMENTS NOT BELONGING TO UNIT

Council, district, State and National PTA membership per capita \$ _____
 Founders Day freewill offering \$ _____

TOTAL \$ _____

TOTAL DISBURSEMENTS \$ _____

BALANCE ON HAND \$ _____

Date _____

 Treasurer's Signature

- Off-duty policemen hired by PTA, with payment made by the PTA directly to the officer, are considered employees.
- Individuals paid by a school district or other employer are NOT considered to be hired by the PTA and are not listed on this form.
- Cafeteria and custodial employees who are employed by the school district and whose services are normally arranged by the school administrator are not considered PTA employees. If PTAs pay for the services of such district employees, the PTA pays the school district for such services.
- Payments to police departments or security agencies for security personnel are not included, if the persons were salaried by the department or agency during the period of service to the PTA.

5.1.7e ANNUAL FINANCIAL REPORT (Forms 9)

The Annual Financial Report reports gross receipts and disbursements for the fiscal year. The report is distributed to the executive board, to the membership, and may be required by federal and state tax agencies. The council and district PTA also require reports.

5.1.7f UNIT REMITTANCE FORM (Forms 9)

The Unit Remittance Form accompanies the per capita dues, insurance premiums and freewill offerings submitted through channels to the California State PTA office.

5.1.8 Financial Officers Leaving Office

Financial records should be put in order for the auditing process shortly before the end of the term of office. The audit must be completed as quickly as possible. The outgoing treasurer cannot pay bills after the books are closed for audit or after the term of office ends. Upon assuming office, the incoming treasurer may deposit funds in the PTA bank account and pay authorized requests for reimbursement bills as needed.

5.2 The Budget

The budget is a financial representation of the activities and operations a PTA expects to conduct during a specified time period. The budget estimates income and expenses for the fiscal year and must be presented to the association for approval and recorded in the association minutes. The budget must coincide with the association's fiscal year.

5.2.1 Developing the Budget

The budget committee, which is appointed by the president (or president-elect if the budget is being developed for the new term in advance of taking office), has the responsibility for developing the annual budget. The treasurer (or treasurer-elect if the budget is being developed for the new term in advance of taking office) is designated as the committee chairman. The budget committee may include financial officers, the principal or other

designated representative, the president (ex officio), and others. The committee should:

- Invite board members to submit suggestions.
- Survey the association's needs and probable costs.
- Review the program(s) proposed by the program committee, including detailed expense projections.
- Meet soon after election to prepare the budget.
- Review past budgets, income, and expenditures.
- Estimate probable income from all sources.
- Balance probable income with probable expenses.
- Unallocated Reserve funds represent the amount remaining after making allocations for budgeted programs and activities and may be used to cover any unexpected or unplanned expenses in the current fiscal year.
- Carry-over funds represent the amount which is set aside to begin operations at the beginning of the next PTA fiscal year, prior to the onset of fundraising activities.

5.2.2 Recommended Budget Line Items

When developing a PTA budget, consider including the following line items:

Carry-over Funds: Carry-over funds represent the amount which is set aside to begin operations at the beginning of the next PTA fiscal year, prior to the onset of fundraising activities. To calculate the amount of this reserve, review the prior year's Annual Financial Report to determine which operation or program expenses require funding during transition, and estimate costs for these items in the new fiscal year.

Convention: The annual California State PTA convention is usually held at the end of April or the first part of May. The unit should budget enough money to cover the cost of registration, hotel room, transportation and food for the allowed number of delegates based on the unit's membership (Attending Conventions and Conferences 2.8).

Donations: PTAs may ask community supporters to donate funds for a specific program.

Fundraisers: Fundraising income is the gross income from the fundraiser. List each fundraiser individually. The expenses for conducting each fundraiser should be listed under Expenses individually by fundraiser.

Gross Income: This includes the total amount of income for the year, excluding council, district, State, and National PTA portions of the per capita dues and freewill offering.

Insurance: Participation in the California State PTA insurance program is required of all PTAs in California. Budget an amount that is similar to the actual expense from the previous year's premium. Units are notified of

the premium amounts each year in November. The premium must be forwarded through PTA channels to be received in the California State PTA office by January 31, or a late fee of \$25 will be assessed by the California State PTA. Postmarks will not be accepted.

Membership Dues: Each association determines its own membership dues, but a portion of each membership must be forwarded through channels. The forwarded funds are listed as “Funds Not Belonging to the Unit.” The budget should only reflect the amount of dues the unit retains as income.

Membership Envelopes: The purchase or printing of membership envelopes is listed as an expense.

Reimbursable Expenses: PTA should reimburse executive board members for any approved out-of-pocket expenses. PTA funds may not be used for personal expenses, personal acknowledgments, or personal use items. Appropriate out-of-pocket expenses include photocopies, office supplies, etc. Unit, council and district PTAs should budget for out-of-pocket expenses and reimburse member upon submission of an expense statement and/or receipts. Receipts must be submitted for all reimbursable expenses. Unit, council and district PTAs may not budget for an officer’s allowance. The IRS considers an allowance as miscellaneous income that must be declared by the recipient as such and will be taxed accordingly.

Staff Appreciation: PTA resources may be used for hospitality for staff appreciation as long as it does not represent a significant amount. “Not of a significant amount” is defined by the IRS as an amount that does not exceed 5 percent (5%) of the nonprofit organization’s annual budget (see Staff Appreciation 5.8.2).

Training/Workshops: Budget funds to send executive board members to council, PTA district, and California State PTA workshops.

Unallocated Reserve: Unallocated reserve funds represent the amount remaining after making allocations for budgeted programs and activities and may be used to cover any unexpected or unplanned expenses in the current fiscal year with approval of the association.

5.2.3 Funds Not Belonging to the Unit

Council, district, State, and National PTA portions of membership dues and the Founders Day freewill offering are not a part of the unit’s funds to be used for expenses. They should not be included in the annual budget as receipts for budget planning purposes. They also are not included in the gross receipts when reporting to the IRS (Gross Receipts 5.7.6). These funds can be paid without the authorization of the membership. Such funds should be forwarded through channels immediately. Council or district PTA remittance forms must be issued to track and provide payment authorization.

All disbursement of funds not belonging to the unit must be recorded in the next treasurer’s report and payment reported to the association. Council and district PTAs

set their own dates far enough in advance of the California State PTA due dates to have sufficient time for such transfers to be received by the California State PTA office (Budget Sample, Forms 9).

5.2.3.a SCHOOL BOND AND OTHER BALLOT MEASURE CAMPAIGNS

A PTA may spend a portion of its funds on election issues that have an impact on the education, health, or well-being of children and youth (Legal Guidelines for Campaign Activity 4.3.3a).

A PTA may assist in raising funds or soliciting individual donations for coalitions or election issue campaign organizations without reporting the amounts as PTA income, provided that all donations are strictly voluntary and the funds are given directly to the campaign organizations and not funneled through the PTA. Donations must not be made payable to PTA and may not be deposited in any PTA account.

5.2.4 Approving the Budget

The PTA shall not assume any financial obligation in any one term of office that will be carried over into the succeeding term. The proposed budget must be presented to and voted upon by the executive board and recommended for adoption to the association each year. After the budget is adopted by the association, it should be followed closely in all financial transactions. Adoption of the budget does not authorize the expenditure of the funds (Authorizing Expenditures 5.2.5).

For additional information on approval of budget, see *National PTA Quick-Reference Guide*, Money Matters.

Approving the Budget

Bylaws for Local PTA/PTSA Units, Article VII, Association Meetings, Section 3.

5.2.5 Authorizing Expenditures

Adoption of the budget does not authorize the expenditure of the money. Bills must be presented for payment authorization. Spending funds on unbudgeted items between meetings of the association is limited by an amount specified in the bylaws.

Guidelines for the expenditure of unbudgeted funds are as follows:

- Eight or more association meetings per year – up to \$500.00 (five hundred dollars)
- Five to seven association meetings per year – up to \$750.00 (seven-hundred-fifty dollars)
- Four or fewer association meetings per year – up to \$1000.00 (one thousand dollars)

Consult the bylaws for the specific amount allowed. The payment of these bills must be ratified at the next association meeting and recorded in the association minutes.

5.2.6 Request for Advance

Persons authorized to purchase items for the PTA, for which the expense will be reimbursed, may request an advance in an amount not to exceed estimated expenses.

To receive an advance for an approved expense, a Request for Advance Form (Forms 9) must be completed, approved by the president and returned to the treasurer with a Payment Authorization Form (Forms 9) attached. An Expense Statement (Forms 9) must be filed within two weeks after the completion of the activity. All receipts must be attached to the expense statement. If an advance greater than the expense is received, a refund of the difference must accompany the expense statement. If expenses exceed the amount of the advance but the total does not exceed the approved amount, reimbursement of the difference can be made. If the total exceeds the approved amount, the excess amount must be approved by the board and ratified by the association before the additional amount can be reimbursed.

5.2.7 Amending the Budget

If adjustments are needed, the budget can be amended by a two-thirds vote of the association.

5.3 Banking

All money must be deposited in accounts at a bank approved by the executive board. The association Employer Identification Number (EIN) is required on all accounts (Employer Identification Number 5.7.1; Forms 9).

If the bank issues an ATM card for an account, the use of that card **must be restricted to deposits only**. The ATM card cannot be used for cash withdrawals.

The IRS considers all funds in PTA accounts to belong to the association regardless of source. A PTA may handle only those funds over which it has full control, and the total amount must be declared as gross income to the PTA. All funds in the PTA account must have association approval for disbursement.

5.3.1 Records and Supplies Needed for Banking

For each bank account, record the account number, place of deposit, and elected officers authorized to sign on the account inside the front cover of the treasurer's book (Ledger Sample, Forms 9). Keep the passbook in a safe place. Ensure that the secretary records the elected officers authorized to sign on the account in the minutes of the association election meeting or whenever the executive board fills a vacant position.

All supplies listed below are legitimate PTA expenses, reimbursable upon approval of the executive board. Advise all board members of the date the books will close so that they can submit all outstanding expenses before that date.

Bank Deposit Book: Obtain from bank.

Bank Deposit Slips: Obtain from bank.

Checkbook: Order from the bank, imprinted with the name of association, two signature lines, and the following wording: "Void if not cashed within 90 days" and "Two signatures required."

Deposit Stamp: Obtain from bank (includes "For Deposit Only," name of PTA and account number).

File or Envelope: Obtain for filing bills and receipts.

Heavy-Duty Envelope, Locking Money Box or Safe: Obtain for temporary holding of cash.

Numbered Receipt Book: Purchase at an office supply store.

Portable File: Obtain to hold treasurer's current records.

Storage Box: Obtain to hold treasurer's records not in current use.

Treasurer's Book (Ledger Book): Used to keep track of all transactions (Ledger Sample, Forms 9).

Payment Authorization Form: A written request for an expenditure or reimbursement (Payment Authorization, Forms 9).

5.3.2 Computer-Generated Financial Records

Financial records may be kept on a computer, providing PTA procedures are followed and a monthly printed record is kept in a permanent binder. Before using a computer consider the following:

- The records must be such that the next financial officer will be able to continue with the record keeping on the same computer program, a compatible computer program, or by hand.
- The PTA must purchase the financial program to be used, so future financial officers will have access to the program.
- The organization must agree on software used.
- A data binder must be used to store the ledger pages permanently.

5.3.2a GUIDELINES FOR COMPUTER USE

Computer generated financial records must be stored to a backup external storage device (e.g., compact disk (CD), jumpdrive) whenever updated.

Each report generated must show the title and time period covered.

PTA financial records must be kept on an external storage device containing only PTA financial records.

If an error is discovered prior to printing a report, it may be corrected at that time.