

Finances for Presidents

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Why Talk to Presidents?

Last year 4 school PTAs in Guilford County experienced financial problems (that we were made aware of).

Range of problems was from

Minor book keeping issues

Uncle Sam came calling

\$17,000 loss

Mission of the PTA

To support and speak on behalf of children and youth in the schools and before governmental agencies and other organizations that make decisions affecting children.

To assist parents in developing skills they need to raise and protect their children.

To encourage parent and public involvement in the schools of this nation.

The Objects of the NC PTA

To Promote the welfare of children and youth in home, school, community and place of worship.

To raise the standards of home life.

To secure adequate laws for the care and protection of children and youth.

To bring into closer relation the home and the school, that parents and teachers may cooperate intelligently in the education of children and youth.

To develop between educators and the general public such united efforts as will secure for all children and youth the highest advantages in physical, mental, social and spiritual education.

By-Laws

Defines the purpose of your PTA

Defines the responsibility of each officer and committee

Determines what a quorum is

Determines what dues may be assessed your members. If you change your dues, you must change your by-laws.

Incorporation

When a PTA is incorporated, the individual officers of the association are protected financially from any personal liability in the event the PTA is sued or cannot pay its bills.

Incorporation forms for nonprofit associations are available from the state office or:

Corporations Divisions

State of North Carolina

Department of the Secretary of State

Raleigh, NC 27611

919-807-2225

<http://www.sosnc.com> -> Corporations

Insurance

Fidelity bonding insurance

protects the PTA's money from dishonesty. The treasurer and other officers are covered if two conditions are met: 1) an annual audit has been conducted and 2) checks are signed by two persons

General liability insurance (\$1,000,000)

covers all routine activities of your PTA (meetings, festivals, skating parties, parades, etc.) and covers bodily injury, property damage, hazards, libel/slander.

Business Plan

President (and the Executive Committee) and Principal should work over the summer and agree on a plan for the coming year.

PTAs should set their own agenda, but it should be complimentary to that of the principals.

PTAs should have compatible goals with the principal.

Budget

To provide a tool to monitor the financial activities and the business plan of the PTA.

Normally prepared by the executive committee

- Based on the PTA objects

- Based on goals of the unit

- Based on historic financial information (i.e. last the prior years budget)

Approval

- Voted on by the Board Members

- Voted on by General Members

 - The budget is not official until the general PTA membership has had a chance to view and vote on it.

Usually handed out at the first PTA meeting, published in the newsletter or school website.

General membership must approve any amendments to a budget by a majority vote. See by-laws to determine what a majority consists of.

Contracts

Only the president is authorized to negotiate and sign a contract for the PTA.

Contracts signed by anyone other than the president may not be legally binding to the PTA. The signer may be personally responsible.

If the unit is not incorporated, the contract signer (including the president) can become financially responsible if something goes wrong with a fund raising project.

A 501(c) 3 organization should not obligate any future boards to a contract.

Money & Checks

No school employee should have signature authority on PTA checks unless they are a duly elected PTA officer.

Never pass school money through a PTA account.

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Never 'give' money to the school (or anyone) without a specific plan for that money. The school should provide a receipt stating clearly what that money **was** used for. Your PTA is required to state how you used your money when you file your tax forms.

Fund-Raising

The primary emphasis in PTA should be focused upon the promotion of the Objects. The real working capital of a PTA lies in its members, not in its treasury. Fund-raising is not a primary function of the PTA.

It is strongly recommended that the PTA only hold the number of fund-raisers needed to meet their budget (and not vice/versa). When in doubt use the 3N1 rule. For each fundraiser, you should offer 3 activities not involving cash income.

Taxes

Your PTA can receive a refund of sales tax paid directly to a vendor. File for E-585

Sales tax must be paid on items you sell or resell. Only items used in the operation of your PTA or school are tax exempt.

If your unit grosses more than \$25,000

Must file IRS-990

Must also file form if the IRS sends the form even if you grossed less than \$25,000.

Income Tax Withholding from Nonresidents for Personal Services
(Tax Law HB57)

If services are contracted from outside NC and payment exceeds more than \$1500 in a calendar year, 4% or their compensation must be remitted quarterly.

Must apply for an Income Tax Withholding Registration Number.

Where do I go for HELP?

State PTA office: 800-255-0417

National PTA office: 312-670-6782

NC Department of Revenue: 919-733-3991

Internal Revenue Service: 877-829-5500

Dollars and Sense for Treasurers

Unit by-laws

<http://www.nccs.urban.org/990/>

<http://www.guilfordcountyppta.org>