

# Budget Planning & Financial Best Practices

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# Why Financial Integrity Matters

*"The real working capital of a PTA lies not in its treasury, but in its members—in their energy, their resourcefulness, and their determination to advance the well-being of children."*

## COMMUNITY TRUST

Families rely on PTAs to manage resources responsibly. Sound practices build credibility for advocacy.

## LEGAL PROTECTION

Proper management protects tax-exempt status and shields volunteers from personal liability.

## MISSION EFFECTIVENESS

Well-managed finances mean more energy for programs that directly benefit children.

## VOLUNTEER CONFIDENCE

Clear procedures encourage participation by demonstrating professionalism.



# Budget Planning Fundamentals



# Mission-First Budgeting

Plan your mission first, then determine how much revenue you need.

- Identify programs and activities for the year
- Calculate what those programs will cost
- Raise only what you need

## The 3-to-1 “Rule”

*For every fundraising activity, your PTA should conduct at least three non-fundraising activities focused on:*

- Educating families
- Supporting children’s learning
- Advocating for improvements
- Building family engagement



**Remember:** PTA's focus is its mission, not fundraising. Only raise as much money as you need for your planned programs.



# Budget Components

## REVENUE SOURCES

- Membership dues (local portion)
- Fundraising activities
- Grants or donations
- Interest income
- Carryover from previous year

## EXPENSE CATEGORIES

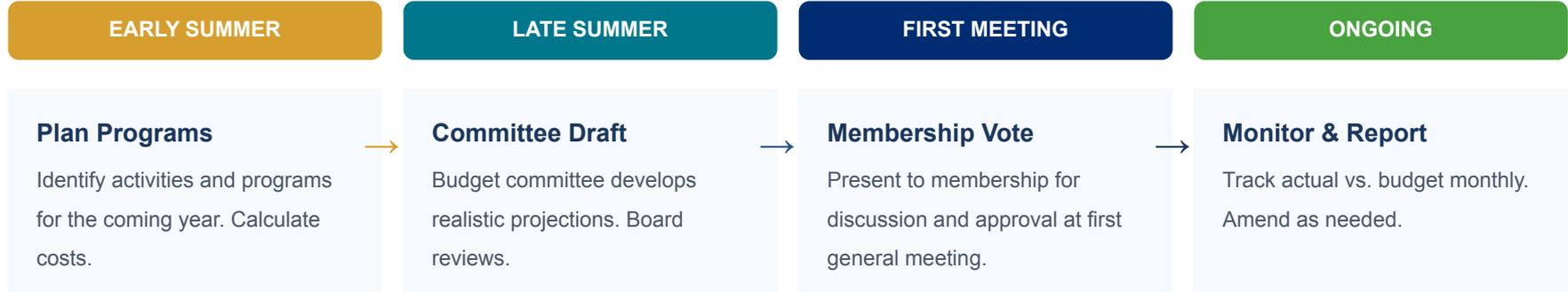
- Mission-focused programs
- Family engagement activities
- Leadership development
- Advocacy efforts
- Communications
- Insurance & bonding
- Administrative costs
- Carryover to next year



**Balanced Budget** - Revenue and expenses must balance exactly.



# Budget Development Timeline



## Budget Amendments

Budgets may need amendments due to unexpected expenses, new opportunities, or revenue differences from projections.

With prior notice:

Majority vote

Without prior notice:

Two-thirds vote



# Understanding Cash Flow

## TYPICAL PTA CASH FLOW PATTERNS

### Fall Revenue Peak

Membership drives, major fundraisers, back-to-school activities. Often 50-70% of annual revenue.

### Winter Spending

Holiday events, winter programs, spring purchases. Higher expenses during lower-revenue months.

### Spring Expenses

End-of-year activities, teacher appreciation, purchases for following year.

### Summer Transition

Minimal revenue while new officers prepare.

## PLANNING TIPS

- Schedule large expenses after revenue-generating activities
- Coordinate with committee chairs on timing
- Maintain reserves for low-revenue periods
- Plan carryover to cover fall operations

## BEST PRACTICE

Maintain 3-6 months of operating expenses in reserves

This protects against cash flow problems and provides stability during transitions.



# Financial Controls & Theft Prevention



# Core Control Principles

1

## Dual Control

Two people must be present for all money handling.

- Count all money together
- Both sign deposit forms
- Verify all amounts

2

## Prompt Deposits

Deposit all funds within 24 hours of receipt.

- Use night deposit if needed
- Never store at home/school
- Get deposit receipts

3

## Documentation

Record every transaction with supporting materials.

- Issue numbered receipts
- Keep all invoices
- Maintain deposit logs



Document all financial procedures in your PTA's standing rules



# Banking Best Practices

## ACCOUNT SETUP

- Account in PTA's legal name
- Minimum 2 officer signatories
- Update signature cards when officers change
- Request monthly statements

## CHECK WRITING

- Use sequentially numbered checks
- PTA name printed on checks
- Never sign blank checks
- Check standing rules/procedures for thresholds

## NEVER EVER

- Sign blank checks
- Pre-sign checks for later use
- Open account in personal names
- Commingle PTA with personal funds
- Skip monthly reconciliation

## MONTHLY RECONCILIATION

Compare bank statement to PTA records monthly.  
Have someone other than check-writer review.



# Electronic Payment Security

## Never Use Personal Accounts

Personal payment apps create legal and insurance complications.

**Prohibited:** Personal Venmo, CashApp, Zelle, PayPal

## CRITICAL INSURANCE LIMITATION

**Most fidelity bonds only cover funds in traditional bank accounts.**  
Money in PayPal, Square, Venmo, or CashApp may NOT be protected.

## Business Accounts Only

- Registered in PTA's legal name
- Using organization's EIN
- Connected to PTA bank account
- Board-approved before setup

## Daily Transfer

Transfer funds from electronic platforms to your bank account daily.

COLLECT  
Payment App



TRANSFER  
Bank Account



PROTECTED  
Insured



# Fidelity Bond: Your Financial Protection

## FIDELITY BONDS COVER

- Theft by officers or volunteers
- Embezzlement or fraudulent use of funds
- Forgery of checks or documents
- Electronic payment fraud

## BE AWARE OF COVERAGE REQUIREMENTS

- Annual financial review by committee or accountant
- Monthly bank statements reviewed and initialed by non-signer
- Any other requirements of insurer

**ALL PTAs MUST CARRY BONDING INSURANCE TO BE IN GOOD STANDING WITH OHIO PTA**



# Warning Signs and Irregularities

## FINANCIAL RED FLAGS

- Unexplained variances between budgets and actual results
- Missing documentation for deposits or expenses
- Changes in deposit timing or amounts without explanation
- Unrecorded transactions
- Bank reconciliation discrepancies that aren't resolved

## BEHAVIORAL RED FLAGS

- Reluctance to provide financial information or records
- Resistance to implementing financial controls
- One person insisting on handling all money alone
- Avoiding or delaying the annual financial review



**Remember:** Early detection through regular monitoring prevents small problems from becoming major losses.



# Annual Financial Review

## REQUIRED BY OHIO PTA

Every PTA must conduct a financial review at least once per year

### When Reviews Must Occur

- After fiscal year end but before Nov 30
- Whenever treasurer leaves office
- Whenever any signatory leaves

### Review Committee

- Minimum 3 members
- Cannot sign checks or handle funds
- Not related to current officers

## REVIEW PROCESS

- 1 Treasurer closes books and prepares records
- 2 Committee examines all financial records
- 3 Verify records match bank statements
- 4 Prepare written report with findings
- 5 Present to membership for acceptance



# When Things Go Wrong



# If Funds Are Missing: Immediate Response

1

## Stop All Activity

- Halt check writing
- Stop electronic transfers
- Suspend cash handling

2

## Secure Assets

- Change all passwords
- Remove compromised access
- Contact bank immediately

3

## Document Everything

- Record when discovered
- Note who had access
- Gather all evidence

4

## Notify Immediately

- Insurance (within 24 hrs)
- PTA president
- Ohio PTA office

**Critical:** The board has a legal obligation to take reasonable action to recover stolen funds.



# Recovery and Reporting Obligations

## INSURANCE CLAIMS

- Report to fidelity bond within 24 hours
- Provide complete documentation
- Cooperate with investigation

## LEGAL ACTION OPTIONS

- Contact law enforcement if needed
- Consider civil recovery action
- Consult attorney for large amounts

## MEMBER COMMUNICATION

Members must be informed about irregularities.  
Present facts professionally with regular updates.

## SYSTEM IMPROVEMENT

- Review what controls failed
- Update procedures
- Enhance training



# Questions?

OHIO PTA IS HERE TO HELP

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