

Legal and Financial Handbook

This booklet has been developed to provide PTAs with important information regarding the fiscal operation of the association.

PTA's mission is to make every child's potential a reality by engaging and empowering families and communities to advocate for all children.

Ohio PTA
40 Northwoods Blvd, Ste. A
Columbus, Ohio 43235-4718
614-781-6344 * 800-699-6628
614-781-6349 Fax
office@ohiopta.org * www.ohiopta.org



Introduction and PTA Mission.....	3
Fiduciary Responsibility and PTA Integrity.....	3
How to Use This Handbook.....	4
Officer Roles and Responsibilities.....	4
Treasurer: Primary Financial Officer.....	4
President: Financial Oversight.....	5
Board Member Responsibilities.....	5
Taking Office: New Treasurer Checklist.....	6
Relinquishing Office: Outgoing Treasurer Checklist.....	6
Essential Financial Management Principles.....	7
The Budget: Your Financial Roadmap.....	7
Financial Reporting: Transparency and Accountability.....	9
Banking and Money Management.....	11
Bank Account Setup and Management.....	11
Electronic Banking and Online Tools.....	12
Payment Processing Apps and Electronic Platforms.....	12
Insurance Coverage for Electronic Payments.....	13
Security Best Practices for All Banking.....	14
Modern Financial Tools and Software.....	14
Givebacks: Ohio PTA's Management Platform.....	14
Accounting Software Options.....	15
Choosing the Right Financial Tools.....	17
Integration with Traditional Banking.....	18
Digital Record Keeping and Compliance.....	18
Legal Compliance and Tax Requirements.....	19
Understanding Your Tax-Exempt Status.....	19
Federal Tax Compliance Requirements.....	20
Volunteer Hours Reporting Requirements.....	21
Ohio State Requirements.....	22
School District Policies.....	23
Consequences of Non-Compliance.....	23
Annual Compliance Calendar.....	24
Required Insurance and Bonding.....	24
Ohio PTA Standards of Affiliation Requirements.....	24
Managing Your Insurance.....	26
Risk Management and Prevention.....	27
Financial Controls and Security.....	28
Financial Review Process.....	28
Responding to Financial Irregularities.....	29
Electronic Security for Digital Financial Management.....	30
Prevention Through Training and Communication.....	31
Cash Flow Management and Advanced Financial Planning.....	32

Understanding Cash Flow Management.....	33
Annual Budget Development.....	33
Reserve Fund Management.....	34
Emergency Financial Procedures.....	35
Financial Planning Best Practices.....	36
Contracts and Legal Agreements.....	37
Understanding PTA Contracts.....	37
Music and Movie Licensing Requirements.....	37
Vendor Contract Review.....	38
Facility Use Agreements.....	39
Hold Harmless Agreements.....	40
Equipment and Supply Donations.....	40
Contract Management Best Practices.....	41
Resources.....	42
Ohio PTA Contact Information.....	42
Online Resources.....	42
Key Annual Deadlines.....	42
Getting Help.....	42
Appendix.....	43
Appendix A - Sample Monthly Treasurer's Report Template.....	43
Appendix B - Sample PTA Budget Template.....	43
Appendix C - Ohio Sales Tax Exemption Certificate (STEC B).....	43
Appendix D - Detailed Financial Review Procedures.....	43
Appendix E - Detailed Missing Funds Procedures.....	43
Appendix F - Hold Harmless and Equipment Donation Agreement Templates.....	43
Appendix G - Sample Requisition Form.....	43
Appendix H - Sample Deposit Verification Form.....	44
Appendix I - Ohio PTA Standards of Affiliation.....	44
Appendix J - Complete Records Retention Schedule.....	44

Introduction and PTA Mission

PTA's mission is to make every child's potential a reality by engaging and empowering families and communities to advocate for all children.

PTA is primarily an educational and child advocacy organization. Your PTA exists to support children, strengthen families, and improve schools and communities. This vital work requires strong financial management to maintain the trust and resources necessary for effective advocacy.

"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 and youth. The primary emphasis in PTA should be focused upon the promotion of the Purposes, not fundraising." - National PTA Resource Book

Fiduciary Responsibility and PTA Integrity

As a PTA officer or board member, you have accepted a position of trust within your organization and community. This fiduciary responsibility means you are legally and ethically obligated to manage PTA resources with care, transparency, and accountability.

Why Financial Integrity Matters

Community Trust: Families, schools, and community partners rely on PTAs to manage resources responsibly. Sound financial practices build the credibility necessary for successful advocacy and program implementation.

Legal Protection: Proper financial management protects your organization's tax-exempt status and shields individual volunteers from personal liability. These protections are essential for your PTA's continued operation.

Mission Effectiveness: When financial operations are well-managed, your PTA can focus energy and resources on programs that directly benefit children rather than addressing financial problems or compliance issues.

Volunteer Confidence: Clear financial procedures and transparency encourage volunteer participation by demonstrating that the organization operates with integrity and professionalism.

Your Role as a Financial Steward

Whether you serve as treasurer, president, or board member, you share responsibility for safeguarding PTA assets and ensuring compliance with legal requirements. This stewardship role involves:

Oversight and Accountability: Regular review of financial reports, budget performance, and compliance with established procedures and legal requirements.

Decision Making: Thoughtful evaluation of expenditures and financial commitments to ensure they align with PTA's mission and benefit the children you serve.

Transparency: Open communication about financial matters with members and the community, maintaining detailed records and providing clear reporting.

Risk Management: Implementation of proper controls and procedures to protect against fraud, theft, and financial mismanagement.

How to Use This Handbook

This handbook provides practical guidance for PTA leaders at all experience levels. Each section includes:

- **Legal requirements** you must follow
- **Best practices** that protect your PTA
- **Step-by-step** procedures for common tasks
- **Warning signs** to help avoid problems

For questions about PTA financial management, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Officer Roles and Responsibilities

Treasurer: Primary Financial Officer

The treasurer serves as the authorized custodian of PTA funds and has legal obligations to maintain accurate records and ensure proper financial controls. This position requires integrity, attention to detail, and commitment to transparency in all financial matters.

Core Responsibilities

Daily Operations: The treasurer handles routine financial tasks that keep your PTA operating smoothly. All funds must be received, recorded, and deposited promptly to maintain accurate records and prevent loss. Every expenditure must be properly authorized and documented to ensure accountability and compliance with your budget.

Monthly Requirements: Financial oversight requires consistent monthly attention. Bank statements must be reconciled promptly to identify any discrepancies or unauthorized transactions. Regular reports to the board and membership maintain transparency and enable informed decision-making about your PTA's financial health.

Annual Obligations: Several critical deadlines occur each year that require treasurer attention. The IRS Form 990 series must be filed by November 15, and Ohio Charitable Trust registration is due the same date. Year-end financial statements provide a complete picture of your PTA's fiscal year (July 1 - June 30) performance and support the required financial review process.

Essential Qualifications

Required Skills:

- Basic bookkeeping and math abilities
- Attention to detail and accuracy
- Ability to attend all board and membership meetings
- Willingness to learn PTA procedures and legal requirements

Recommended Experience:

- Previous financial management experience (personal or professional)
- Familiarity with basic computer skills and software
- Understanding of nonprofit operations

President: Financial Oversight

While the treasurer handles day-to-day financial operations, the president has important oversight responsibilities that ensure proper checks and balances within your PTA's financial management.

Budget Leadership: The treasurer typically chairs the budget committee and leads the annual budget development process. The president should serve on the budget committee to provide insight about PTA priorities and planned programs for the coming year. Throughout the year, the president monitors spending patterns and ensures expenditures align with membership-approved priorities.

Controls and Accountability: Strong internal controls protect your PTA's assets and volunteers. The president should serve as a second check signatory when possible and regularly review financial reports before board meetings. Any irregularities or concerns must be addressed immediately to maintain financial integrity.

Legal Compliance: The president shares responsibility for ensuring all required filings and registrations are completed on time. This includes verifying that insurance and fidelity bonding coverage remains current and that all legal documents are properly maintained.

Board Member Responsibilities

All board members share responsibility for PTA financial oversight as part of their fiduciary duty to the organization and its members.

Fiduciary Duty: Board members must review and understand monthly financial reports, asking questions about unusual expenses or revenue patterns. Expenditures should align with your PTA's mission and approved budget. Supporting proper financial controls and procedures protects both the organization and individual volunteers.

Decision Making: The board may review the budget before it is presented to the membership for approval. The board may provisionally approve emergency expenditures if they must occur before the membership has a chance to vote to approve a budget amendment. The board also approves contracts and major financial commitments within established authority limits.

Taking Office: New Treasurer Checklist

Before Taking Office:

- Verify that a financial review has been completed
- Request all books, records, and supporting documents
- Check that bank accounts are properly reconciled • Meet with the previous treasurer to understand ongoing obligations

First Week in Office:

- Update bank signature cards and remove previous officers
- Verify current fidelity bonding and liability insurance coverage
- Familiarize yourself with your PTA's bylaws and the Ohio PTA Legal and Financial Handbook
- Set up secure storage for financial records and documents

First Month:

- Review and understand current budget and spending patterns
- Establish procedures for routine financial operations
- Verify all required legal filings are current
- Connect with your council treasurer (if applicable) and region advisor for support

Relinquishing Office: Outgoing Treasurer Checklist

Final Month in Office:

- Ensure all outstanding dues have been remitted to Ohio PTA
- Complete final bank reconciliation and close books for review
- Prepare the annual financial statement (for template, see Appendix A of this handbook)
- Arrange for a financial review to be conducted

Transition Process:

- Gather all records, reports, and supporting documents
- Transfer passwords and login credentials to all bank accounts, payment apps, and accounting software securely
- Transfer ownership of the Stripe account in Givebacks
(<https://support.givebacks.com/en/articles/11185165-how-to-change-the-owner-of-your-stripe-account>)
- Remove personal access to bank accounts and financial systems
- Complete IRS and Ohio AG filings if due during transition

Final Steps:

- Make sure fidelity bonding coverage is current for the incoming treasurer

- Provide written summary of pending obligations and deadlines
- Make yourself available for questions during transition period
- Upload current officer information to Givebacks by July 15 (for Ohio PTA Standards of Affiliation compliance)

For questions about officer roles and responsibilities, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Essential Financial Management Principles

The Budget: Your Financial Roadmap

A budget serves as your PTA's financial plan, translating your organization's goals and priorities into spending and revenue projections. While not legally binding, a budget provides essential guidance for financial decision-making and accountability to your membership.

For advanced budget topics including cash flow management, reserve fund planning, and emergency financial procedures, see Section 9 of this handbook.

Budget as a Planning Tool

Your budget reflects your PTA's values and priorities for the year. It should align spending with your mission-focused programs and activities while ensuring adequate resources for essential operations like insurance, training, and advocacy efforts.

Realistic Projections: Base revenue estimates on past performance and conservative participation rates rather than optimistic hopes. It's better to exceed modest goals than fall short of ambitious projections.

Mission Alignment: Every budget line should connect to your PTA's purposes of supporting children, strengthening families, or improving schools and communities.

Flexibility Planning: Include contingency funds and recognize that budgets may need amendments as circumstances change throughout the year.

Budget Development Process

Mission-First Planning: Start by identifying the programs and activities your PTA wants to support during the coming year. Plan your mission-focused expenses first, then determine how much revenue you need to generate. Only raise as much money as you need for these programs. Remember that PTA's focus is its mission, not fundraising.

Essential Funding Categories: Include adequate funding for insurance, communications, and leadership development. These investments support long-term organizational effectiveness and are often overlooked in initial planning.

Budget Committee Development: Work with the budget committee to draft realistic projections based on your planned programs and activities.

Membership Approval: Present the budget to membership for discussion and approval at the first general meeting. Members may discuss and amend individual budget lines before final approval.

Budget Components and Balance

Revenue Sources:

- Membership dues (local portion only)
- Fundraising activities (conservative estimates based on planned programs)
- Grants or donations
- Interest income
- Carryover funds from the previous year

Carryover Funds: Carryover represents funds remaining from the previous fiscal year (July 1 - June 30) and serves as starting revenue for the new year. Plan to carry over enough funds to support PTA operations in the fall without requiring immediate fundraising. As a best practice, carryover should not exceed 3-6 months of operating expenses.

Expense Categories:

- Mission-focused programs and family engagement activities
- Leadership development and training
- Advocacy and legislative efforts
- Communications and outreach
- Insurance and fidelity bonding
- Administrative costs
- Carryover funds for the following year

Balanced Budget Requirement: Revenue and expenses must balance exactly. The ending balance (carryover to next year) should be included as an expense line to achieve this balance.

For a sample PTA budget template, see Appendix B of this handbook.

Budget Amendments

Budgets may need amendments throughout the year due to unexpected expenses, changes in program priorities, or significant differences between projected and actual revenue. Common reasons for amendments include emergency repairs, new program opportunities, or fundraising results that differ significantly from projections.

Amendment Process:

- **With prior notice:** Majority vote of members present
- **Without prior notice:** Two-thirds vote of members present
- Must adjust both revenue and expense sides to maintain balance
- Document all amendments in meeting minutes

Financial Reporting: Transparency and Accountability

Regular financial reporting serves as the cornerstone of PTA transparency and enables sound decision-making by your board and membership.

Core Reporting Principles

Transparency: Treasurer's reports should be clear, complete, and accessible to all members. Avoid technical jargon and explain unusual items or significant changes from previous periods.

Accuracy: All financial information must be truthful and complete. Never omit expenses or overstate revenue, even with good intentions. Accuracy builds long-term credibility and trust.

Timeliness: Current financial information enables better decision-making. Monthly treasurer's reports should be prepared promptly after bank statements are received and reconciled.

Consistency: Use the same format and categories from month to month so members can easily track trends and changes. Consistent reporting also simplifies year-end financial statement preparation.

Monthly Treasurer's Report

Essential Components:

- Beginning balance from the previous report
- Itemized receipts for the reporting period
- Itemized expenditures for the reporting period
- Ending balance as of the report date
- Status of outstanding checks or deposits

Additional Information:

- State and national dues collected and remitted
- Budget variance information for major categories
- Explanation of unusual items or significant changes

For sample monthly report template and detailed formatting guidance, see Appendix A of this handbook.

Annual Financial Reporting

The annual financial report provides a comprehensive overview of your PTA's financial activity for the complete fiscal year (July 1 - June 30).

Key Information Included:

- Complete revenue and expense summary
- Beginning and ending fund balances
- Major fundraising activity results
- Compliance with budget allocations
- Status of required filings and obligations

Uses and Retention:

- Demonstrates fiscal accountability to members and the community
- Permanent retention in PTA files
- Available for member inspection upon request

Record Keeping Fundamentals

Essential Documents

Financial Records: Maintain detailed records of all financial transactions including bank statements, canceled checks, deposit slips, invoices, and receipts. These records support your treasurer's reports and provide the documentation trail necessary for financial reviews and legal compliance.

Meeting Records: Keep permanent records of all board and membership meeting minutes, treasurer's reports presented at meetings, budget approvals and amendments, and authorizations for major expenditures.

Legal Documents: Preserve permanently all documents related to your PTA's legal status including IRS determination letters, Ohio PTA charter, current bylaws and standing rules, insurance policies, and contracts.

Security and Access

Physical Security: Store current-year records in locked filing cabinets with access limited to authorized officers. Permanent documents should be kept in fireproof safes or bank safety deposit boxes.

Digital Security: Maintain regular backups of electronic files with cloud storage and appropriate password protection. Limit access to sensitive documents to authorized officers only.

Organized Systems: Establish clear filing systems with consistent labeling so that any authorized person can locate needed documents quickly. Good organization protects against lost records and facilitates smooth officer transitions.

For complete records retention schedule and detailed storage recommendations, see Appendix J of this handbook.

For questions about financial management principles, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Banking and Money Management

Bank Account Setup and Management

Account Requirements

Account Name: Your PTA bank account must be in the PTA's legal name as found on the PTA charter or determination letter, such as "[School Name] Parent Teacher Association" or "[Unit Name] PTA." The account must never be opened in personal names or as part of school district accounts.

Authorized Signers:

- Minimum of two officers are signatories on the account (typically treasurer and president)
- Three or four officers may be recommended to ensure two signatures are available for checks when needed
- Remove previous officers promptly when terms end
- File signature cards immediately upon officer changes

Account Features to Request:

- Monthly statements with online access
- Night deposit capability for weekend/evening deposits
- No minimum balance requirements
- Check images or copies for record keeping
- Fraud monitoring and alerts

Traditional Banking Procedures

Check Writing Requirements: Your PTA should use sequentially numbered checks with the PTA name printed on them. Never sign blank checks or allow checks to be pre-signed for later use. Check your PTA's bylaws and standing rules as well as your fidelity bond terms for any signature requirements for checks, including dollar amount thresholds that may require additional authorizations.

Deposit Procedures: All funds must be deposited within 24 hours of receipt to maintain accurate records and prevent loss. Fill out a PTA deposit slip for the treasurer's records and obtain a deposit receipt to file with your records. For large amounts or weekend deposits, use night deposit services to ensure security.

Bank Reconciliation: Monthly bank reconciliation is essential for accurate financial management. Compare your bank statement to PTA records, account for all deposits, withdrawals, and fees, and identify and resolve any discrepancies immediately. When possible, have someone other than the check-writer review the reconciliation.

Documentation in Standing Rules: All of these banking practices should be documented in your PTA's standing rules to ensure consistency and continuity as officers change.

Electronic Banking and Online Tools

Online Banking Benefits and Requirements

Advantages: Electronic banking provides real-time account monitoring, immediate transaction verification, electronic statements for easier record keeping, and enhanced security features with fraud monitoring capabilities.

Board Authorization Required: Online banking setup must be approved by your board with specific officers authorized for online access. Establish transaction limits and approval thresholds, and conduct regular reviews of access permissions as officers change.

Electronic Fund Transfers: ACH transfers work well for recurring payments like insurance or loans and require board authorization for setup. Wire transfers should be used only for large, urgent payments and require dual authorization from two officers. Bill pay services provide convenience for routine vendor payments and require board approval for setup.

Gift Card Management and Compliance

- Gift cards used for fundraising or volunteer appreciation must be properly documented and reported
- Gift card purchases should be treated as restricted funds until distributed
- Maintain detailed records of gift card purchases, distribution, and recipients
- Consider tax implications for gift card recipients (may be considered taxable income)
- Ensure gift card programs align with your PTA's educational mission

Payment Processing Apps and Electronic Platforms

Critical Requirements for Electronic Payment Systems

Never Use Personal Payment Apps: Personal payment applications like Venmo, Cash App, or Zelle should never be used to handle PTA funds under any circumstances. These personal apps create serious legal, financial, and insurance complications for your organization.

Business Account Requirements: Any payment platform used by your PTA must meet all of the following requirements:

- Registered in the PTA's legal name using the organization's EIN
- Connected directly to the PTA's bank account
- Provides proper business-level reporting and tax documentation
- Cannot be registered to individuals or require personal SSN for setup

Authorized Users and Access Control: Only designated PTA officers should have access to payment platform accounts. Establish clear policies about who can process transactions, access financial reports, and modify account settings. Regularly review and update access permissions as officers change.

Popular Business Payment Platforms

PayPal Business: Widely accepted platform with comprehensive reporting features and integration capabilities with many fundraising systems.

Square: Offers both in-person and online payment processing with point-of-sale hardware available and excellent reporting analytics.

Stripe: Developer-friendly platform with strong security and fraud protection, commonly used with PTA management systems like Givebacks.

Electronic Payment Security and Controls

Setup Requirements: All electronic payment processing accounts require board approval before establishment. Designate specific officers authorized to access accounts and establish procedures for regular review of transaction reports. Plan for prompt transfer of funds to your primary PTA bank account.

Security Practices: Enable all available security features including two-factor authentication and strong, unique passwords. Monitor accounts daily for unauthorized transactions and set up fraud alerts and transaction notifications. Use only secure devices and networks when accessing payment platforms.

Financial Controls: Transfer funds from payment platforms to your primary PTA bank account daily to minimize exposure and maintain insurance protection. Reconcile payment platform records with bank deposits regularly and account for all processing fees in your budget and reporting. Maintain detailed records of all electronic transactions for audit and review purposes.

Insurance Coverage for Electronic Payments

Fidelity Bond Protection

Critical Insurance Limitation: Most fidelity bonds only cover funds held in traditional checking or savings accounts. Money left in payment applications like PayPal, Venmo, Square, or similar platforms may not be protected from fraud, theft, or misuse.

Daily Transfer Requirement: To maintain insurance protection, transfer funds from electronic payment platforms to your PTA's primary bank account daily. Do not allow significant amounts to accumulate in payment app accounts where they may not be covered by your fidelity bond.

Verify Your Coverage: Review your fidelity bond policy terms to understand exactly what electronic payment scenarios are covered. Contact your insurance provider to clarify coverage for any electronic payment methods you plan to use.

Security Best Practices for All Banking

Password and Access Security

Strong Authentication: Use strong, unique passwords for all banking and payment accounts, and change them regularly. Enable two-factor authentication whenever available and ensure that only authorized officers have access credentials.

Device Security: Access financial accounts only from secure devices and networks, never from public WiFi or shared computers. Log out completely after each session and monitor accounts regularly for unauthorized access.

Account Monitoring: Review all account activity daily and set up automatic alerts for transactions, low balances, and unusual activity patterns. Report any suspicious activity to your bank and insurance provider immediately.

Record Keeping for Electronic Systems

Documentation Requirements: Maintain electronic copies of all transaction records, reconciliation reports, and authorization documents. Download monthly statements and transaction histories from all platforms for permanent storage in your PTA files.

Backup Systems: Store electronic records in multiple secure locations including cloud storage with appropriate access controls. Ensure that financial records remain accessible even if officers change or technology systems fail.

For questions about banking and money management, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Modern Financial Tools and Software

Givebacks: Ohio PTA's Management Platform

Ohio PTA uses the Givebacks platform for comprehensive PTA management. This integrated system handles membership, communications, fundraising, and financial operations in one platform specifically designed for PTAs.

Why Givebacks

Seamless Ohio PTA Integration: Givebacks automatically handles state and national dues calculations and remittance, eliminating manual processing errors. The platform maintains your unit's information in the Ohio PTA database and provides tools for completing Ohio PTA Standards of Affiliation requirements, including officer information submission and compliance document tracking.

PTA-Specific Features: Unlike generic business software, Givebacks understands PTA operations including membership structures, fundraising regulations, and nonprofit compliance requirements. The

system includes tools for common PTA activities like membership sales, fundraising campaigns, event ticketing, and donation processing.

Financial Management: The platform integrates payment processing through Stripe, manages online stores for memberships and fundraising, processes donations, and provides financial reporting including transaction tracking, payout reports, and data export capabilities for accounting purposes.

Reduced Administrative Burden: Automated processes handle routine tasks like membership card generation, dues calculations, and basic financial reporting, freeing volunteers to focus on mission-focused activities.

Givebacks Financial Features for PTAs

Online Payment Processing: Accept credit card payments for memberships, event tickets, donations, and fundraising sales with integrated Stripe processing that transfers funds directly to your PTA bank account.

Automated Dues Management: The system calculates local, state, and national dues portions automatically. PTA officers must manually authorize monthly dues remittance to Ohio PTA through the platform, ensuring compliance with Ohio PTA Standards of Affiliation requirements. Note that there is a \$2.00 ACH fee per transaction for dues remittance.

Financial Reporting: Generate transaction reports, track deposits to your bank account, monitor fundraising performance, and export financial data for accounting purposes. The system provides information that can support IRS filings and compliance requirements, though additional accounting may be needed for complete financial management.

Event and Fundraising Management: Manage ticket sales, track fundraising campaign progress with revenue analytics, and export transaction data for creating profit/loss reports for individual activities.

Training and Support

Ohio PTA Training: Givebacks training is provided through workshops at Ohio PTA conferences and convention, ensuring PTAs receive guidance specific to Ohio requirements and best practices.

Comprehensive Resources: Access a complete knowledge base at support.givebacks.com with video guides and step-by-step documentation for all platform features.

Personalized Training: Givebacks offers one-on-one and group training sessions via Zoom for PTAs needing additional support or customized instruction for their specific needs.

Cost Considerations: Givebacks charges processing fees for credit card transactions (typically 2.9% + \$0.30 per transaction) but does not charge monthly subscription fees. For most PTAs, this results in lower overall costs compared to separate membership management and payment processing solutions.

Accounting Software Options

While Givebacks handles most PTA financial needs, some organizations may require additional accounting software for complex financial management or detailed budget tracking.

MoneyMinder: PTA-Focused Accounting

Designed for PTAs: MoneyMinder was created specifically for PTAs and small nonprofits, offering features like fund accounting, budget tracking, and nonprofit-specific reporting templates.

Key Features for PTAs:

- Simple interface designed for volunteer treasurers
- Built-in PTA report templates including treasurer's reports and annual statements
- Bank reconciliation tools with step-by-step guidance
- Budget versus actual tracking for better financial oversight

Cost and Training Considerations: MoneyMinder's annual subscription recently increased to \$300.00 per year. PTAs should carefully evaluate whether the advanced features justify this cost, especially for smaller organizations with simple financial needs. The software requires training for volunteer treasurers, and knowledge transfer can be challenging when officers change annually.

Best For: PTAs with complex financial operations, multiple fundraising activities, or treasurers with accounting experience who value detailed financial controls and reporting.

QuickBooks for Nonprofits

Professional Accounting Platform: QuickBooks offers nonprofit-specific versions with fund accounting capabilities, grant tracking, and comprehensive financial reporting suitable for larger PTAs.

Key Features for PTAs:

- Fund accounting to track restricted and unrestricted funds
- Integration with payment processors and banking systems
- Detailed audit trails and financial controls
- Professional-level reporting for board and compliance needs

Cost and Complexity Considerations: QuickBooks subscription costs range from \$25.00-\$50.00 per month and requires significant training for volunteer treasurers. The software's complexity may overwhelm volunteers without accounting experience, and annual officer transitions become more challenging.

Best For: Large PTAs with substantial revenue, complex financial operations, or access to volunteers with professional accounting skills.

Simple Spreadsheet Solutions

Low-Cost Option: Google Sheets or Excel can handle basic PTA financial tracking for organizations with simple needs and limited budgets.

Advantages:

- Free or low-cost options
- Customizable for specific PTA needs
- Cloud storage and sharing capabilities
- Familiar interface for many volunteers

Limitations and Risks:

- Requires more manual work and higher risk of calculation errors
- Limited audit trail capabilities
- Potential for data loss without proper backup procedures
- May not provide adequate controls for larger financial operations

Best For: Small PTAs with minimal financial activity, limited budgets, and treasurers comfortable with spreadsheet software.

Choosing the Right Financial Tools

Decision Factors for PTAs

Organization Size and Complexity: Consider your PTA's annual revenue, number of fundraising activities, and complexity of financial operations. Simple operations may not justify expensive software, while complex finances require robust tools.

Volunteer Capacity and Skills: Evaluate the technical skills of your volunteer treasurers and their ability to learn new systems. Complex software may create barriers when officers change annually.

Cost-Benefit Analysis: Compare software costs against time savings and improved accuracy. Calculate total costs including subscription fees, training time, and potential consultant costs for setup or troubleshooting.

Integration with Ohio PTA Requirements: Ensure any chosen system can support required reporting, dues remittance, and compliance obligations. Givebacks excels in this area while other platforms may require manual processes.

Training and Support Considerations

Volunteer Training Requirements: Plan for significant training time when implementing new financial software. Budget for initial training sessions, ongoing support, and knowledge transfer between officers.

Documentation and Procedures: Create detailed procedures for any software system, including step-by-step guides for common tasks, login credentials management, and troubleshooting resources.

Succession Planning: Ensure multiple officers understand the chosen system and that training materials will support smooth transitions when officers change.

Ongoing Support: Consider the availability of customer support, user communities, and local experts who can assist with technical issues or training needs.

Integration with Traditional Banking

Coordinating Digital and Traditional Systems

Bank Account Management: Regardless of software choice, maintain your primary PTA checking account as the central hub for all financial activity. Digital tools should complement, not replace, proper banking procedures.

Daily Reconciliation: Digital payment platforms must be reconciled daily with bank deposits. Use software reporting features to track electronic payments and ensure all funds transfer properly to your PTA bank account.

Backup Procedures: Maintain traditional record-keeping procedures as backup for digital systems. Software failures or access issues should not prevent basic PTA operations.

Security and Access Management

Multi-Officer Access: Set up digital systems to allow access by multiple officers while maintaining appropriate security controls. Avoid single-person dependencies that could disrupt operations.

Password Management: Use strong, unique passwords for all digital platforms and implement secure password sharing procedures between authorized officers.

Regular Security Reviews: Periodically review access permissions, update passwords, and ensure former officers no longer have system access.

Digital Record Keeping and Compliance

Electronic Document Management

Cloud Storage Solutions: Use secure cloud storage for digital financial records, ensuring multiple authorized officers can access necessary documents for ongoing operations and compliance requirements.

Backup Strategies: Maintain multiple backup locations for critical financial data, including both cloud storage and local backups to protect against system failures or access issues.

Record Retention: Digital tools must support the same record retention requirements as traditional systems. Ensure chosen software allows for long-term data storage and export capabilities.

Compliance Integration

IRS Reporting: Choose tools that can generate or support the financial information needed for annual IRS filings (Form 990/990-EZ/990-N) and Ohio Charitable Trust registration.

Financial Review Requirements: Ensure digital systems provide the detailed transaction records and audit trails necessary for annual financial reviews and potential audits.

Ohio PTA Standards: Verify that chosen tools support all Ohio PTA Standards of Affiliation requirements, particularly regarding dues remittance, financial reporting, and record keeping.

For questions about financial tools and software, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Legal Compliance and Tax Requirements

Understanding Your Tax-Exempt Status

PTAs affiliated with Ohio PTA receive federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code through the Ohio PTA's group exemption. This privileged status provides significant benefits but comes with legal obligations that every PTA officer must understand and fulfill.

Benefits of 501(c)(3) Status

Tax Exemption: Your PTA is exempt from federal and state income taxes on activities related to your educational and charitable mission. This exemption allows more funds to support programs that benefit children and families.

Tax-Deductible Donations: Contributors can deduct donations to your PTA on their federal income taxes, making your organization more attractive to potential donors and supporters.

Ohio Sales Tax Exemption: Your PTA can make purchases without paying Ohio sales tax when using proper documentation and procedures.

Legal Obligations

Charitable Purpose: Your PTA must operate for educational and charitable purposes as defined in your bylaws. Activities that primarily benefit private individuals or serve non-charitable purposes can jeopardize your tax-exempt status.

Prohibition on Private Benefit: No individual, including PTA members, officers, or their families, may receive inappropriate private benefit from PTA activities. Reasonable compensation for services is permitted, but excessive payments or personal use of PTA resources is prohibited.

Required Documentation: Every unit must obtain and maintain an individual Employer Identification Number (EIN) from the IRS. This number must be used on all official documents, bank accounts, and tax filings.

Federal Tax Compliance Requirements

Annual IRS Filing Requirements

All tax-exempt organizations, including PTAs, must file annual information returns with the IRS to maintain their tax-exempt status. The specific form required depends on your PTA's annual gross receipts.

CRITICAL WARNING: Failure to file required IRS forms for three consecutive years results in automatic loss of tax-exempt status. Once lost, regaining tax-exempt status can be expensive and time-consuming, hindering your PTA's mission to serve children and families. If you find that your unit has lost its tax-exempt status, please contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Form Selection Based on Revenue:

Form 990-N (e-Postcard): Required for PTAs with annual gross receipts under \$50,000. This simple electronic form takes minutes to complete but is absolutely essential for maintaining tax-exempt status.

Form 990-EZ: Required for PTAs with gross receipts between \$50,000 and \$199,999 and total assets under \$500,000. This form requires more detailed financial information but is still manageable for volunteer treasurers.

Form 990: Required for PTAs with gross receipts of \$200,000 or more or total assets of \$500,000 or more. This comprehensive form typically requires professional assistance to complete accurately.

Filing Deadline: All forms are due November 15 annually. Extensions are available for Forms 990 and 990-EZ but NOT for Form 990-N. Missing this deadline can result in penalties and eventual loss of tax-exempt status.

Ohio PTA's File990.org Benefit

Ohio PTA provides free access to File990.org, an IRS-approved electronic filing service, for all affiliated units in good standing. This service normally charges fees but is provided at no cost to Ohio PTA units as a member benefit. The platform includes:

- Electronic filing with rapid IRS acceptance confirmation
- Automated reminders for future filing deadlines
- Built-in audit checks to prevent common filing errors
- Customer support familiar with PTA operations

Using this free service is strongly recommended to ensure accurate and timely filing while saving your PTA money.

Gross Receipts Calculation

Important: Gross receipts include ALL money that flows through your PTA accounts, regardless of profit or loss. This includes:

- All fundraising revenue (even if expenses exceed revenue)
- Membership dues (including state and national portions)
- Donations and grants received
- Interest earned on PTA accounts
- Any other income received

Note: State and national dues that your PTA collects and remits to Ohio PTA still count toward your annual gross receipts total for IRS filing purposes.

Unrelated Business Income (UBI)

Most PTA activities are related to your educational mission and not subject to UBI tax. However, income may be taxable if it meets ALL three criteria:

- **From a trade or business:** The activity involves actively providing goods or services for income
- **Regularly carried on:** The activity occurs frequently throughout the year, not just occasionally
- **Unrelated to exempt purpose:** The activity does not substantially further your PTA's educational mission

Clear Examples of UBI:

- Operating a year-round snack bar that competes with local businesses
- Selling advertising space in newsletters to businesses unrelated to the school
- Renting PTA-owned equipment regularly to for-profit companies
- Running ongoing retail operations selling commercial products

Activities Generally NOT Considered UBI:

- Spirit wear sales featuring school or PTA logos (builds school pride and community)
- Educational workshops with admission fees
- School supplies sales to families
- Community events that build family engagement

If you think your PTA may have UBI: Consult with a tax professional experienced in nonprofit law. Form 990-T must be filed if UBI exceeds \$1,000 annually, and taxes must be paid on net UBI.

Volunteer Hours Reporting Requirements

- Ohio PTA Standards of Affiliation require units to track and report volunteer hours annually
- This documentation helps substantiate your PTA's educational mission and tax-exempt status
- Report volunteer hours for all PTA activities including meetings, events, advocacy, and administrative work
- Submit annual volunteer hours report to Ohio PTA by the specified deadline

- Maintain detailed records including member names, activities, dates, and hours worked for potential IRS audit purposes

Ohio State Requirements

Ohio Charitable Trust Act Registration

Annual Requirement: All Ohio PTAs must register with the Ohio Attorney General's office under the Ohio Charitable Trust Act. This registration is separate from and in addition to IRS filing requirements.

Filing Deadline: November 15 annually (same as IRS deadline)

Consequences of Non-Filing: PTAs that fail to register may face fines, loss of solicitation privileges, and potential legal action by the Attorney General's office. This registration is required for legal fundraising in Ohio.

Filing Process: Complete registration online at <https://charitableregistration.ohioattorneygeneral.gov>. The process typically takes 10-15 minutes and requires information from your annual financial statements and IRS filing.

Required Information:

- Basic organization information and contact details
- Financial information from your fiscal year (July 1 - June 30)
- Details about fundraising activities and revenue sources
- Copies of IRS filing and financial review documents

Trade Name Registration

- When PTAs operate under names different from their chartered name (e.g., "Washington Elementary PTA" vs. official charter name), they may need to register a trade name with the Ohio Secretary of State
- Required when conducting business, opening bank accounts, or entering contracts under an assumed name
- Contact Ohio PTA for guidance on whether your unit needs trade name registration

Ohio Sales Tax Exemptions

Ohio PTAs are exempt from paying sales tax on purchases and generally exempt from collecting sales tax on fundraising sales.

Purchasing Exemption: Use Ohio Sales Tax Exemption Certificate (Form STEC B) when making purchases for your PTA. Complete the form with your PTA's information, including your EIN, and provide it to vendors along with payment by PTA check. Cash or personal payments invalidate the exemption. For detailed guidance on completing Form STEC B, see Appendix C of this handbook.

Sales Tax Collection: PTAs generally do not need to collect sales tax on fundraising sales within Ohio. Maintain detailed records of all tax-exempt purchases and sales for potential state tax audits.

School District Policies

Many school districts have specific requirements for organizations using school facilities or conducting activities on school property. These may include:

- Liability insurance requirements
- Background check requirements for volunteers
- Facility use agreements and hold harmless clauses
- Restrictions on fundraising activities during school hours

Coordinate with your school administration to understand and comply with all district policies affecting PTA operations.

Consequences of Non-Compliance

Loss of Tax-Exempt Status

Automatic Revocation: The IRS revokes tax-exempt status for organizations that fail to file required returns for three consecutive years. This revocation is retroactive to the date of the first missed filing.

Impact of Revocation:

- Loss of exemption from federal and state income taxes
- Donors can no longer deduct contributions to your organization
- Loss of access to grants and funding available only to tax-exempt organizations
- Potential liability for taxes on all PTA income during the period of revocation

Reinstatement Difficulties: Once revoked, tax-exempt status can be extremely difficult and expensive to regain. If you find that your unit has lost its tax-exempt status, please contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org. Ohio PTA can provide guidance and support to help navigate the reinstatement process.

State and Local Penalties

Ohio Attorney General Penalties: Failure to register under the Charitable Trust Act can result in fines, cease and desist orders, and prohibition from soliciting funds in Ohio.

School District Violations: Operating without required permits or insurance can result in loss of facility use privileges and potential liability for violations of district policies.

Practical Consequences

Banking Problems: Banks may freeze accounts or refuse services to organizations that have lost tax-exempt status.

Vendor Relations: Many vendors require proof of tax-exempt status for sales tax exemptions and reduced pricing for nonprofit organizations.

Community Trust: Loss of legal status damages your PTA's reputation and credibility within the school community and can significantly impact fundraising and volunteer recruitment.

Personal Liability: In extreme cases, officers may face personal liability for taxes and penalties if the organization fails to meet legal obligations.

Annual Compliance Calendar

November 15 Deadline

- **IRS Form 990/990-EZ/990-N:** File appropriate form based on gross receipts
- **Ohio Charitable Trust Registration:** Complete annual registration with Attorney General

November 30 Deadline

- **Membership Dues:** Submit initial dues payment to Ohio PTA via Givebacks
- **Financial Review:** Complete annual financial review and file with treasurer records
- **Insurance Verification:** Ensure current fidelity bonding and liability insurance
- **Ohio PTA Standards of Affiliation:** Complete and submit compliance checklist

Ongoing Requirements

- **Monthly Dues Remittance:** Submit membership dues to Ohio PTA monthly via Givebacks
- **Record Maintenance:** Keep detailed financial records and meeting minutes current
- **Legal Document Updates:** Maintain current bylaws, insurance certificates, and legal filings

Planning Tip: Create a compliance calendar with specific assignments for board members and set reminders well before each deadline. Early preparation prevents last-minute problems and ensures accurate filing.

For questions about legal compliance and tax requirements, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Required Insurance and Bonding

Ohio PTA Standards of Affiliation Requirements

All Ohio PTAs must maintain fidelity bonding coverage as required by the Ohio PTA Standards of Affiliation. While liability insurance is not mandated by Ohio PTA, it is strongly recommended and increasingly required by school districts for facility use and event activities.

Fidelity Bonding (Required)

Fidelity bonding protects your PTA against theft, fraud, or misuse of funds by officers, volunteers, or employees who handle money. This coverage is mandatory under Ohio PTA Standards of Affiliation.

What Fidelity Bonds Cover:

- Theft by officers or volunteers who handle PTA funds
- Embezzlement or fraudulent use of PTA accounts
- Forgery of checks or financial documents
- Electronic payment fraud and unauthorized transfers

Coverage Requirements:

- Must cover the treasurer and all persons authorized to handle funds
- Coverage amount should equal the average of your PTA's gross receipts over the past three years

Calculating Coverage Amount: Add your PTA's total gross receipts for the past three years and divide by three. Use this average to determine your coverage amount. If you're a new PTA, estimate based on your projected first-year revenue.

Liability Insurance (Strongly Recommended)

General liability insurance protects your PTA when someone is injured or property is damaged during PTA activities. Many school districts now require this coverage for organizations using their facilities.

What Liability Insurance Covers:

- Bodily injury to participants or visitors at PTA events
- Property damage caused by PTA activities
- Legal defense costs if your PTA is sued
- Medical expenses for injured parties

When Liability Coverage is Essential:

- Large events with many attendees (carnivals, fairs, fundraising events)
- Activities involving food service or preparation
- Events with physical activities or sports
- Use of equipment like bouncy houses or gaming activities
- Any activities off school property

School District Requirements: Many school districts are adopting policies that require school-related organizations to carry liability insurance. Check with your school administration about specific requirements for facility use and PTA activities.

Obtaining Insurance Coverage

Coverage Options

Local Insurance Agents: PTAs may obtain coverage from any reliable insurance company that offers nonprofit institutional fidelity bonding and general liability policies.

School District Policies: Some districts allow PTAs to attach to existing school liability policies. Explore this option with your school administration as it may provide cost savings.

Other Nonprofit Insurers: Many insurance companies specialize in nonprofit coverage and can provide appropriate policies for PTA operations. Associated Insurance Management (AIM) is one example of a company that offers specialized coverage designed for parent-teacher organizations.

What to Request When Shopping for Coverage

For Fidelity Bonding:

- Ask for "nonprofit institutional fidelity bonding policy"
- Ensure coverage includes computer fraud and electronic payment protection
- Verify that all officers and volunteers handling money are covered
- Confirm coverage amount meets Ohio PTA requirements

For Liability Insurance:

- Request general liability coverage with appropriate limits
- Ensure coverage includes volunteer activities and special events
- Ask about additional insured endorsements if required by school district
- Verify coverage for both on-site and off-site activities

Managing Your Insurance

Annual Review Process

Evaluate Coverage Needs: Review your PTA's activities and financial operations annually to ensure adequate coverage. Consider changes in revenue, new types of events, or additional equipment that might affect your insurance needs.

Update Coverage Amounts: Adjust fidelity bonding amounts based on current gross receipts. As your PTA grows, your coverage should increase accordingly.

Certificate Management: Maintain current certificates of insurance and provide copies to your school district as required. Keep certificates readily available for events and vendor requirements.

Working with Your Insurance Provider

Choose Experienced Agents: Work with insurance agents or companies that have experience with nonprofit organizations and understand PTA operations.

Understand Your Coverage: Make sure you understand what is and isn't covered by your policies. Ask questions about exclusions and limitations.

Report Changes: Notify your insurance provider of significant changes in PTA operations, leadership, or activities that might affect your coverage needs.

Budgeting for Insurance

Include in Annual Budget: Insurance premiums are legitimate PTA expenses that should be included in your annual budget planning.

Payment Options: Many insurers offer monthly payment plans to spread costs throughout the year rather than requiring annual lump-sum payments.

Cost Considerations: Insurance costs vary based on coverage amounts, PTA activities, and location. Budget appropriately and get quotes from multiple providers to ensure competitive pricing.

Risk Management and Prevention

Reducing Liability Risks

Safety Procedures: Implement comprehensive safety procedures for all PTA events and activities. Train volunteers on safety protocols and emergency procedures.

Event Planning: Consider potential risks when planning events and take appropriate precautions. This includes venue selection, activity planning, and volunteer supervision.

Documentation: Maintain proper documentation of safety procedures, volunteer training, and incident reports. Good documentation supports insurance claims and demonstrates responsible risk management.

When Problems Occur

Immediate Response: If an incident occurs during a PTA activity, provide immediate assistance as needed and document the incident thoroughly.

Insurance Notification: Contact your insurance provider promptly to report any incidents that might result in claims, even if no formal claim is initially filed.

Cooperation: Cooperate fully with insurance company investigations and provide all requested documentation and information.

For questions about insurance and bonding requirements, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Financial Controls and Security

Financial Review Process

The financial review serves as your PTA's primary internal control to ensure accurate record keeping, proper use of funds, and compliance with legal requirements. Ohio PTA Standards of Affiliation require annual financial reviews.

Purpose and Importance

Accountability: Reviews verify that funds have been properly managed and spent according to approved budgets and PTA purposes.

Legal Compliance: Annual reviews are required by Ohio PTA Standards of Affiliation and provide documentation needed for IRS filings and other legal requirements.

Transparency: Reviews demonstrate to members and the community that your PTA manages funds responsibly and operates with integrity.

Error Detection: Regular reviews catch mathematical errors, missing documentation, or procedural violations before they become serious problems.

When Reviews Must Occur

Annual Requirement: Every PTA must conduct a financial review at least once per year, typically after the close of the fiscal year (July 1 - June 30) but before November 30.

Officer Transitions: Reviews must be conducted whenever a treasurer or other authorized signatory leaves office, regardless of timing within the fiscal year (July 1 - June 30).

Best Practice Timing: Conduct reviews during the summer months after the fiscal year (July 1 - June 30) ends but before new officers assume their full responsibilities.

Review Committee Requirements

Committee Composition:

- Minimum of three members who are not authorized to sign checks or handle funds
- Members should not be related to current officers or have conflicts of interest
- Committee should include at least one person with basic accounting or bookkeeping skills
- The treasurer and president being reviewed cannot serve on their own review committee

Committee Selection:

- Committee members may be elected by the membership or appointed by the president
- Check your PTA bylaws for specific selection procedures
- Committee should be established no later than the last membership meeting of the fiscal year (July 1 - June 30)

Review Process Overview

Preparation Phase: The outgoing treasurer must close the books and prepare all records for review. This includes balancing bank accounts, organizing receipts and documentation, and preparing final financial statements.

Document Examination: The review committee examines all financial records including bank statements, canceled checks, deposit slips, receipts, invoices, and financial reports. They verify that transactions are properly documented and authorized.

Reconciliation Verification: Committee members verify that financial records match bank statements and that all transactions can be traced through proper documentation. They check mathematical accuracy and proper categorization of income and expenses.

Report Preparation: The committee prepares a written report documenting their findings, noting any discrepancies or concerns, and providing recommendations for improvement.

Membership Approval: The review report must be presented to the membership for formal acceptance, typically at the first general meeting of the new fiscal year (July 1 - June 30).

For detailed procedures for conducting financial reviews, see Appendix D of this handbook.

Responding to Financial Irregularities

Despite the best controls and procedures, financial problems can still occur. When irregularities are discovered, prompt and appropriate action protects your PTA and its members.

Immediate Response Steps

Stop All Financial Activity: If theft or fraud is suspected, immediately restrict access to all accounts and suspend financial operations until the situation can be assessed.

Secure Remaining Assets: Change passwords, remove unauthorized users from accounts, and ensure that remaining funds are protected from further loss.

Document Everything: Record all details about the suspected irregularity including amounts, timing, who had access, and what evidence exists. Gather all relevant documentation before it can be altered or destroyed.

Investigation Process

Conduct Thorough Review: A complete financial review must be conducted immediately to determine the extent of any problems. This review should be conducted by individuals who were not involved in the day-to-day financial operations.

Identify Scope of Issues: Determine what funds are missing, over what time period, and what financial controls failed. This information is essential for insurance claims and any legal proceedings.

Board Action Required: The executive board must meet to review findings and decide on appropriate action. All actions must be documented in official board minutes.

Recovery and Reporting

Insurance Claims: Contact your fidelity bonding insurance provider immediately to report potential claims. Provide all requested documentation and cooperate fully with investigations.

Legal Obligations: The board has a legal obligation to take reasonable action to recover stolen funds and may need to report criminal activity to law enforcement.

Member Communication: The membership must be informed about any financial irregularities and the actions taken by the board. Transparency maintains trust and demonstrates responsible leadership.

System Improvements: Use the experience to strengthen financial controls and prevent future problems. Review and update procedures, enhance training, and implement additional safeguards as needed.

For detailed procedures for handling missing funds situations, see Appendix E of this handbook.

Electronic Security for Digital Financial Management

As PTAs increasingly use electronic banking, payment processing apps, and digital tools, protecting your organization's financial information becomes more complex and critical.

Password Security

Strong Password Requirements: Create unique, complex passwords for all financial accounts including banking, payment processors (PayPal, Square, Stripe), and accounting software. Use a combination of uppercase and lowercase letters, numbers, and special characters.

Password Management: Never share passwords via email or text messages. Use secure password managers when possible, or maintain written records in locked, secure locations. Change passwords immediately when officers leave their positions.

Two-Factor Authentication: Enable two-factor authentication on all financial accounts whenever available. This adds an extra layer of security by requiring both a password and a second verification method (usually a text message or authentication app).

Device and Network Security

Secure Devices Only: Access financial accounts only from devices dedicated to PTA business or personal devices with current security software. Never use public computers in libraries, hotels, or internet cafes for financial transactions.

Network Security: Avoid public WiFi networks for financial activities. If you must access accounts remotely, use secure, password-protected networks or mobile hotspots. Always log out completely after each session.

Software Updates: Keep all devices current with security updates and patches. Use reputable antivirus software and enable automatic updates when possible.

Access Management

Authorized User Lists: Maintain current lists of who has access to each financial account and system. Remove access immediately when officers leave their positions or when people no longer need access.

Role-Based Access: Limit access based on job responsibilities. Not every officer needs access to every financial system. The treasurer may need full access while other officers might only need view-only access for specific purposes.

Regular Access Reviews: Quarterly review who has access to financial systems and verify that access levels are still appropriate. Remove any unnecessary or outdated access permissions.

Electronic Payment Security

Business Account Requirements: Use only business accounts registered in the PTA's name with the organization's EIN. Never use personal accounts for PTA financial transactions, even temporarily.

Daily Monitoring: Check all electronic payment accounts daily for unauthorized transactions or suspicious activity. Set up automatic alerts for transactions over specified amounts.

Immediate Fund Transfers: Transfer funds from payment processing accounts to your primary PTA bank account daily. Most fidelity bonds only cover funds in traditional bank accounts, not money sitting in payment processing systems.

Transaction Documentation: Download and save transaction reports regularly. Many platforms only maintain detailed records for limited periods, so regular downloads ensure you have complete records for audits and reviews.

Data Protection and Backup

Financial Data Storage: Store financial records in secure, password-protected folders with access limited to authorized officers. Use reputable cloud storage services with strong security features rather than storing sensitive data only on individual devices.

Regular Backups: Maintain multiple backups of critical financial data in different locations (cloud storage, external drives, etc.). Test backup systems regularly to ensure data can be recovered if needed.

Secure Disposal: When disposing of devices or paper records containing financial information, ensure complete data destruction. Use professional data destruction services for electronic devices and shred all paper documents containing account numbers or financial details.

Prevention Through Training and Communication

Officer Training

Financial Procedures Training: All officers handling money must receive training on proper procedures, legal requirements, and internal controls. This includes treasurers, presidents, and committee chairs who collect funds.

Security Awareness: Train officers on electronic security threats, proper password management, and safe practices for digital financial management.

Legal Responsibilities: Ensure officers understand their legal obligations and the consequences of financial mismanagement for both the organization and individual officers.

Clear Policies and Procedures

Written Procedures: Maintain current, written procedures for all financial activities including money handling, depositing, record keeping, and electronic security. These procedures should be easily accessible to all relevant officers.

Standing Rules Documentation: Include specific financial controls and procedures in your PTA's standing rules so they have official status and continuity across officer changes.

Regular Updates: Review and update financial procedures annually to address new challenges, incorporate lessons learned, and adapt to changing technology.

Communication and Transparency

Regular Reporting: Provide clear, timely financial reports to the board and membership. Regular communication builds trust and enables early detection of potential problems.

Open Access: Maintain open-book policies that allow members to review financial records upon reasonable request. Transparency demonstrates accountability and builds community confidence.

Education and Awareness: Help members understand the importance of financial controls and how they protect the organization. Educated members are more likely to support proper procedures and report concerns.

For questions about financial controls and security procedures, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Cash Flow Management and Advanced Financial Planning

IMPORTANT: New treasurers should read Section 3 (Essential Financial Management Principles) first for budgeting fundamentals and reporting requirements before proceeding with these advanced financial planning topics.

Understanding Cash Flow Management

Cash flow management involves tracking when money comes into and goes out of your PTA throughout the year. Unlike businesses with steady revenue, PTAs typically experience seasonal patterns that require careful planning to avoid cash shortages.

Typical PTA Cash Flow Patterns

Fall Revenue Peak: Most PTAs generate significant revenue in the fall through membership drives, major fundraising events, and back-to-school activities. This period often represents 50-70% of annual revenue.

Winter Spending: Holiday events, winter programs, and purchases for spring activities often create higher expenses during months when revenue may be lower.

Spring Expenses: Many PTAs fund major end-of-year activities, teacher appreciation events, and purchases for the following year during spring months when current-year fundraising may be complete.

Summer Transition: The period between fiscal years (July 1 - June 30) often involves minimal revenue while new officers transition and prepare for the upcoming year.

Planning for Cash Flow

Revenue Timing: When developing your budget, consider not just total revenue amounts but when income will actually be received. Plan major expenses after revenue-generating activities when possible.

Expense Scheduling: Coordinate with program chairs to schedule large expenses during periods when your PTA has adequate cash on hand rather than during low-revenue periods.

Reserve Management: Maintain sufficient reserves to cover operating expenses during low-revenue periods and unexpected timing gaps between income and expenses.

Carryover Planning: Plan your fiscal year (July 1 - June 30) ending balance to provide adequate working capital for fall operations before membership and fundraising revenue begins.

Annual Budget Development

This section provides practical implementation guidance that builds upon the essential budget principles covered in Section 3. Your annual budget serves as your PTA's financial roadmap, translating your organization's goals into a spending and revenue plan. For fundamental budget development principles, components, and approval process, see Section 3 of this handbook.

Practical Budget Implementation

Budget Committee Leadership: The treasurer typically chairs the budget committee, working with the president and other key officers to develop realistic financial projections based on planned programs and activities.

Timeline Management: Begin budget development in early summer, present to the board for review in late summer, and bring to membership for approval at the first general meeting of the school year.

Documentation Requirements: Maintain copies of your approved budget and any amendments in permanent records. Distribute copies to all officers and committee chairs responsible for budget categories. *For sample annual budget format and template, see Appendix B of this handbook.*

Budget Monitoring and Control

Monthly Variance Tracking: Compare actual income and expenses to budgeted amounts each month. Significant variances (typically 10% or more) should be investigated and explained in treasurer's reports.

Committee Communication: Provide budget information to committee chairs so they understand their spending limits and can plan activities accordingly. This prevents unauthorized expenses and budget surprises.

Early Warning Systems: Watch for trends that might require budget amendments, such as lower-than-expected fundraising participation or higher-than-anticipated program costs. Address these proactively rather than waiting for budget crises.

Budget Amendments

When Amendments are Needed: Consider budget amendments when actual results vary significantly from projections, when new programs or expenses arise, or when revenue opportunities exceed original expectations.

Amendment Process: *For complete amendment procedures and voting requirements, see Section 3 of this handbook.* Remember that both revenue and expense sides must balance after amendments.

Documentation: Record all budget amendments in meeting minutes and update working budget documents distributed to officers and committee chairs.

Reserve Fund Management

Reserve funds provide financial stability and enable your PTA to handle unexpected opportunities or challenges without disrupting planned programs.

Purpose of Reserves

Operating Stability: Reserves ensure your PTA can meet commitments and pay bills during periods of low revenue or when fundraising results fall short of expectations.

Opportunity Fund: Adequate reserves allow your PTA to take advantage of unexpected opportunities such as grants, matching donations, or special programs without requiring emergency fundraising.

Emergency Buffer: Reserves provide protection against unexpected expenses that might otherwise force program cancellations or require borrowing.

Transition Support: Reserves help bridge fiscal year (July 1 - June 30) transitions and provide working capital for new officers to begin operations.

Building and Maintaining Reserves

Gradual Accumulation: Build reserves gradually over multiple years rather than trying to accumulate large amounts in a single year. Small, consistent additions are more sustainable than dramatic budget adjustments.

Revenue Source Planning: Consider designating specific revenue sources for reserve building, such as a percentage of large fundraising events or interest earned on savings accounts.

Spending Guidelines: Establish clear policies about when and how reserves can be used. Consider requiring board approval for reserve expenditures and membership approval for large amounts.

Regular Review: Evaluate reserve levels annually as part of budget development. Reserves that are too small provide inadequate protection, while excessive reserves may indicate missed opportunities to serve members.

Emergency Financial Procedures

Despite careful planning, PTAs occasionally face financial challenges that require immediate attention and modified procedures.

Budget Shortfalls

Early Detection: Monitor spending patterns and revenue projections monthly to identify potential shortfalls before they become critical. Early detection provides more options for response.

Response Options: When facing budget shortfalls, consider postponing non-essential expenses, conducting additional fundraising activities, or reducing program scope rather than deficit spending.

Communication: Keep the board and membership informed about financial challenges and proposed solutions. Transparency maintains trust and may generate additional support or volunteer assistance.

Revenue Shortfalls

Fundraising Adjustments: If major fundraising events underperform, quickly assess whether additional activities are feasible or whether expenses should be reduced to match available revenue.

Program Modifications: Work with program chairs to identify activities that can be modified, postponed, or eliminated to align expenses with available funds.

Reserve Utilization: Consider using reserve funds for essential programs while developing plans to rebuild reserves in future years.

Expense Overruns

Immediate Controls: When expenses exceed budget in any category, implement immediate spending controls and require additional approvals for further expenditures in affected areas.

Root Cause Analysis: Understand why overruns occurred to prevent similar problems in the future. Common causes include inadequate planning, poor communication, or unexpected cost increases.

Corrective Actions: Address overruns through budget amendments when appropriate, or by reducing spending in other categories to maintain overall budget balance.

Financial Planning Best Practices

Documentation and Communication

Written Procedures: Maintain current, written procedures for budget development, approval, monitoring, and amendment processes. These procedures should be included in your PTA's standing rules.

Regular Reporting: Provide clear financial reports to the board and membership that include budget variance information and explanations of significant changes.

Training and Transition: Ensure new officers understand budget procedures and have access to historical information that helps them make informed financial decisions.

Technology and Tools

Accounting Software: Consider using accounting software that provides budget tracking and variance reporting features. For software options, see Section 5 of this handbook.

Spreadsheet Templates: Maintain budget templates that can be easily updated each year and shared with budget committee members and officers.

Digital Records: Store budget documents electronically with appropriate backup and security measures to ensure continuity across officer transitions.

Collaboration and Engagement

Member Input: Encourage member input during budget development to ensure financial plans align with community needs and priorities.

Committee Coordination: Work closely with committee chairs during budget development to ensure realistic estimates and clear communication about spending authority.

Board Oversight: Ensure the board receives regular financial updates and has opportunities to provide guidance on financial planning and policy decisions.

For questions about cash flow management and advanced financial planning procedures, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Contracts and Legal Agreements

Understanding PTA Contracts

In the ordinary course of PTA operations, your organization will enter into various contractual arrangements including fundraising vendor agreements, facility use contracts, and service provider agreements. Each contract creates legal obligations that your PTA must fulfill regardless of whether activities are successful or profitable.

Types of PTA Contracts

Fundraising Vendor Agreements: Contracts with companies providing products for sale, managing online fundraising campaigns, or supplying materials for events represent the most common contract type for PTAs.

Facility Use Agreements: Written agreements with schools, community centers, or other venues for meetings, events, or fundraising activities establish terms for space usage and liability.

Service Provider Contracts: Agreements with entertainers, caterers, photographers, or other service providers for PTA events and activities.

Equipment and Supply Contracts: Purchase or rental agreements for items needed for ongoing operations or special events.

Legal Obligations

Binding Commitments: Once signed, contracts create legal obligations that your PTA must fulfill even if circumstances change, events are unsuccessful, or volunteer leadership changes.

Financial Responsibility: Your PTA remains responsible for all financial obligations specified in contracts regardless of fundraising outcomes or budget constraints.

Performance Requirements: Contracts specify what each party must do and when. Failure to meet contract terms can result in legal action, financial penalties, or damage to your PTA's reputation.

Music and Movie Licensing Requirements

- Public performance of copyrighted music at PTA events requires licensing from ASCAP, BMI, or other rights organizations
- Movie screenings typically require separate licensing agreements with distributors
- Penalties for copyright violation can reach \$100,000 per violation
- **Compliance Options:**
 - Obtain appropriate licenses from rights organizations
 - Use only public domain music and movies
 - Use music and movies with verified licensing coverage

- **Alternative Approaches:**
 - Work with venues that hold their own performance licenses (verify coverage extends to your event)
 - Use original or royalty-free content specifically licensed for nonprofit use
- Budget for licensing costs when planning events with music or movie components
- Contact entertainment providers to clarify licensing responsibilities and coverage

Vendor Contract Review

Most PTAs regularly work with vendors for fundraising activities, making careful contract review essential for protecting your organization's interests.

Essential Contract Elements

Party Information: Verify that the contract correctly identifies your PTA's legal name as it appears on your charter and that the vendor's business information is complete and accurate.

Scope of Services: The contract should clearly describe what the vendor will provide, including specific products, services, delivery methods, and timelines.

Financial Terms: All costs, payment schedules, and fee structures should be explicitly stated. Look for hidden fees, shipping charges, or additional costs not included in quoted prices.

Payment Terms: Understand when payments are due, what payment methods are accepted, and any penalties for late payment. Avoid vendors requiring full payment before delivery.

Delivery and Performance: Contracts should specify delivery dates, locations, and what happens if vendors fail to meet deadlines or performance standards.

Critical Review Areas

Return and Refund Policies: Understand what happens to unsold merchandise, defective products, or canceled orders. "Guaranteed sale" means the vendor accepts unsold items at no cost to your PTA.

Liability and Risk Allocation: Review who is responsible for damaged goods, accidents during events, or problems with products. Ensure your PTA's liability exposure is reasonable and manageable.

Cancellation Terms: Understand under what circumstances either party can cancel the contract and what financial obligations remain after cancellation.

Dispute Resolution: Look for clauses specifying how disagreements will be resolved, including whether arbitration is required and what jurisdiction's laws apply.

Red Flags to Avoid

Pressure to Sign Immediately: Legitimate vendors understand that PTAs have approval processes and board oversight requirements. High-pressure sales tactics often indicate problematic business practices.

Unclear or Missing Terms: Contracts with vague language, missing important details, or terms that are difficult to understand create opportunities for disputes and unexpected costs.

Unrealistic Promises: Be skeptical of vendors promising extremely high profit margins, guaranteed success, or returns that seem too good to be true.

Inadequate References: Established vendors should readily provide references from other PTAs and allow you to contact them. Reluctance to provide references suggests potential problems.

Contract Approval Process

Board Authorization: Contracts should be reviewed and approved by your PTA board before signing. The president or specifically authorized officer should sign on behalf of the organization.

Legal Review: For complex contracts or those involving significant financial commitments, consider having contracts reviewed by someone with legal expertise.

Documentation: Maintain copies of all signed contracts in your PTA's permanent records. Ensure that all relevant officers understand contract terms and obligations.

Facility Use Agreements

Many PTA activities require formal agreements for the use of school facilities or other venues, making understanding of these contracts essential for event planning.

School District Facility Use

Standard Agreements: Most school districts have standard facility use agreements that PTAs must sign for events, meetings, or activities on school property.

Insurance Requirements: Facility use agreements typically require PTAs to carry liability insurance and may require the school district to be named as an additional insured party.

Facility Rules and Restrictions: Agreements specify what areas can be used, what activities are permitted, cleanup requirements, and any restrictions on decorations or equipment.

Cost and Payment Terms: Understand all costs associated with facility use including rental fees, custodial charges, security deposits, and costs for additional services.

Key Facility Agreement Terms

Dates and Times: Ensure the agreement specifies exact dates, start and end times, and any setup or cleanup periods included in the rental.

Permitted Activities: Verify that your planned activities are specifically permitted under the agreement and that any restrictions are clearly understood.

Equipment and Furnishings: Understand what equipment, tables, chairs, and other furnishings are included and what additional items must be rented or provided.

Damage and Liability: Review your PTA's responsibility for damages, normal wear and tear, and liability for injuries occurring during your event.

Cancellation Policies: Understand under what circumstances events can be canceled and any associated costs or penalties.

Hold Harmless Agreements

Hold harmless agreements are legal contracts where your PTA accepts responsibility for accidents, injuries, or damages during activities. These agreements are commonly required when using facilities or working with certain vendors.

When Hold Harmless Agreements are Required

Facility Use: Schools, community centers, and other venues often require PTAs to sign hold harmless agreements as a condition of facility use.

Equipment Donations: When donating equipment or materials to schools, districts may require hold harmless agreements transferring liability to your PTA.

Special Activities: Events involving higher risk activities such as inflatables, sports, or outdoor activities may require additional hold harmless protections.

Understanding Your Obligations

Liability Assumption: Hold harmless agreements typically require your PTA to assume financial responsibility for accidents, injuries, or property damage occurring during your events.

Legal Defense: These agreements may require your PTA to defend the other party in lawsuits arising from your activities, including paying legal costs.

Insurance Implications: Review hold harmless requirements with your insurance provider to ensure your coverage is adequate for the obligations you're accepting.

Managing Hold Harmless Risk

Insurance Verification: Before signing hold harmless agreements, verify that your PTA's liability insurance covers the activities and obligations specified in the agreement.

Risk Assessment: Consider whether the benefits of the activity justify the liability risks your PTA would be accepting under the hold harmless agreement.

Professional Review: For agreements involving significant liability exposure, consider having the agreement reviewed by someone with legal expertise.

Equipment and Supply Donations

When PTAs donate equipment or materials to schools, proper legal agreements protect both organizations and clarify ongoing responsibilities.

Transfer of Ownership

Clear Title Transfer: Donation agreements should clearly transfer ownership of donated items from the PTA to the school district, eliminating your PTA's ongoing responsibility.

Installation and Maintenance: The receiving organization should accept responsibility for installation, operation, maintenance, and eventual disposal of donated equipment.

Location Requirements: If your PTA wants donated items to remain at a specific school or location, secure written agreement from the district about placement.

Liability Protection

Hold Harmless from Recipients: The school district should agree to hold your PTA harmless from any claims arising from the use, maintenance, or operation of donated equipment.

Insurance Coverage: Verify that donated items will be covered under the recipient's insurance policies rather than requiring ongoing coverage from your PTA.

Warranty Limitations: Donation agreements should specify that your PTA provides no warranties about donated equipment and accepts no responsibility for future performance.

Contract Management Best Practices

Documentation and Records

Complete Files: Maintain complete files for each contract including the original agreement, any amendments, correspondence, and performance documentation.

Accessible Storage: Store contracts in locations where authorized officers can access them easily. Contracts may need to be referenced months or years after signing.

Digital Copies: Maintain digital copies of all contracts with appropriate backup and security measures to ensure continuity across officer transitions.

Ongoing Management

Performance Monitoring: Track vendor performance against contract terms and document any problems or failures to meet obligations.

Communication: Maintain clear communication with vendors and service providers about expectations, deadlines, and any issues that arise.

Relationship Building: Develop positive working relationships with reliable vendors who understand PTA operations and provide good value and service.

Legal Protection

Authorization Verification: Ensure that only authorized officers sign contracts on behalf of your PTA and that signature authority is clearly documented.

Insurance Coordination: Work with your insurance provider to understand how contracts affect your coverage and ensure adequate protection for your obligations.

Professional Consultation: When in doubt about contract terms or obligations, seek advice from individuals with legal expertise rather than assuming understanding.

Sample hold harmless agreement and equipment donation agreement templates are provided in Appendix F of this handbook.

For questions about contracts and legal agreements, contact your Ohio PTA Region Advisor or Ohio PTA at office@ohiopta.org.

Resources

Ohio PTA Contact Information

Ohio PTA Office 40 Northwoods Blvd, Ste. A Columbus, Ohio 43235-4718 Phone: 614-781-6344 • 800-699-6628 Email: office@ohiopta.org Website: www.ohiopta.org

Online Resources

- Ohio PTA Website: www.ohiopta.org - Handbooks, forms, and guidance documents
- File990.org: Free IRS filing service for Ohio PTA units in good standing
- Ohio Attorney General: charitableregistration.ohioattorneygeneral.gov - Charitable Trust registration
- Givebacks Support: support.givebacks.com - Platform help and training materials

Key Annual Deadlines

July 15: Officer information uploaded to Givebacks

November 15: IRS Form 990 filing and Ohio Charitable Trust registration

November 30: Initial dues payment, financial review completion, insurance verification, Ohio PTA Standards of Affiliation compliance

June 15: Submit volunteer hours via the Ohio PTA website at <https://www.ohiopta.org/soa/volunteer-hours/>

Getting Help

For questions about financial management procedures or compliance requirements:

1. Contact your Ohio PTA Region Advisor
2. Reach out to Ohio PTA at office@ohiopta.org
3. Consult with your council treasurer (if applicable)
4. Reference the appropriate sections of this handbook

Remember that proper financial management protects your PTA, its volunteers, and its mission to serve children and families in your community.

Appendix

The following appendices provide detailed forms, procedures, and reference materials to support the financial management guidance in this handbook. These documents are available as separate resources on the Ohio PTA website.

Appendix A - [Sample Monthly Treasurer's Report](#)

Standard format for monthly financial reporting to board and membership meetings, including all required elements and proper categorization of income and expenses.

Appendix B - [Sample PTA Budget](#)

Comprehensive annual budget template with appropriate revenue and expense categories, formatting guidelines, and calculation formulas for PTA use.

Appendix C - [Ohio Sales Tax Exemption Certificate \(STEC B\)](#)

Guidance Instructions for completing and using Form STEC B to obtain sales tax exemptions on PTA purchases, including proper documentation requirements.

Appendix D - [Financial Review Procedures](#)

Step-by-step procedures for conducting annual financial reviews, including committee requirements, document examination processes, and financial review report template.

Appendix E - [Missing Funds Procedures](#)

Comprehensive procedures for handling suspected financial irregularities, including immediate response steps, investigation processes, and recovery actions.

Appendix F - [Sample Hold Harmless and Equipment Donation Agreement](#)

Sample legal agreements for facility use, equipment donations to schools, and liability protection arrangements.

Appendix G - [Sample Requisition Form](#)

Standard form for requesting payment of PTA expenses, including approval processes and required documentation.

Appendix H - [Sample Deposit Verification Form](#)

Form for documenting money counting and deposit verification procedures, ensuring dual control compliance and accurate record keeping.

Appendix I - [Ohio PTA Standards of Affiliation](#)

Complete listing of required standards all Ohio PTA units must meet, including deadlines, documentation requirements, and compliance procedures.

Appendix J - [Complete Records Retention Schedule](#)

Comprehensive schedule showing which financial and legal documents must be retained, for how long, and proper storage requirements.

Disclaimer: This handbook provides general guidance based on current regulations and best practices. Always consult current federal, state, and local regulations, as well as your PTA's bylaws and policies. When in doubt, seek professional legal or financial advice.

Last Updated: June 2025

© 2025 Ohio Congress of Parents and Teachers, Inc.