

Nonprofit Basics for PTA Leaders

PTA board members often experience some confusion around what PTA is, and the legal roles and responsibilities of officers and board members. Veteran or newcomer, some things aren't clear -- at least not at first -- and there are possible repercussions from a lack of understanding.

California State PTA wants you to continue working on behalf of all children and families -- and we want you to do this in a way that meets legal requirements by which all nonprofit associations must abide. It's important to understand that this is not just a "PTA thing." While the following comments are tailored to PTAs, they are universal in application to all nonprofits.

Does this apply to you?

If you are an officer or a board member of your PTA, yes it does. How do you know if you are on a board? Your unit's bylaws voted on by your membership should clearly delineate who is an officer and an executive board member. Executive board members most often include the principal, the teacher representative and all standing committee chairmen.

If you are an officer or a board member of a local PTA, council, or district PTA, the IRS, and local, state and federal governments recognize you as a leader of a 501(c) 3 educational nonprofit organization. As a leader of a nonprofit organization, you have certain duties and responsibilities delineated in corporation law.

Board members are expected to exercise care and act prudently in all their dealings concerning their PTA. This includes, but is not limited to:

- Oversight and careful scrutiny of the budget and regular financial reports.
- Following all PTA financial procedures, especially association approval of all expenditures.
- Reading the minutes and keeping of accurate records.
- Asking questions when something isn't clear or seems questionable.
- Putting the interests of the PTA before personal interests, and avoiding conflicts of interest.

It's the law

According to nonprofit corporation law, there are three main duties owed by a board to the members of its organization: *obedience*, *care* and *loyalty*. (Note: these duties are *owed to the members*—boards serve the *membership*.) What does this mean? A board member is expected to obey the central purposes of the organization (the Mission and Purposes of the PTA) and to use these purposes to guide in decision-making. The board also has the responsibility to ensure that the PTA functions within the law—both the laws of the land and the laws of the organization (your bylaws).

Some red-flag examples

Your local unit may have a problem if:

- Bylaws haven't been updated for over three years;
- Bylaws say the PTA dues are \$3.00 and you have been collecting \$5.00 for as long as you can remember;
- Board members have never seen or read the Mission or Purposes of PTA;
- The treasurer doesn't provide monthly financial reports which are reviewed by the executive board;
- Board members gain financially by being members of the board; or
- Fundraising money is kept in the trunk of your car.

As an officer, it is your responsibility to ensure that all PTA expenditures are approved. Your role is also to ensure your PTA follows all PTA and legal guidelines. We are all aware of the possibility of lawsuits. The California State PTA provides directors and officers liability insurance and bonding insurance as part of each PTA's annual insurance premium; however, it is critical that PTA financial guidelines be followed and that you have a good paper trail on your transactions.

Getting it right

Taking on a leadership role in PTA is a big step. There is a lot to remember, but you don't have to go it alone. California State PTA and your council and district help provide the training and services you'll need to be a successful nonprofit. Here are some tips to help you:

1. First, allow your council or district PTA to help. Officer training, boardsmanship, bylaws, parliamentary procedure, finance and budget—let the council or district PTA provide training for your board.
2. Read your bylaws and make sure they reflect what you are actually doing. If they do not, *change the bylaws* (within certain parameters). Make sure all board members have a copy of the bylaws.
3. Make sure all officers and board members have an understanding of their responsibilities and have the training to fulfill them.
4. Pay insurance premiums on time and follow California State PTA policies and procedures to protect officers and board members against personal liability arising from alleged mismanagement or misrepresentation.

Finally, remember your PTA is a private, independent, nonprofit organization. Your money does not belong to a school, a principal, or any one person in your organization—it belongs to your members and its use is directed by membership.

Adapted from an article by Deborah Walsh, past president, Connecticut PTA

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