



## Budget 101 for School Fundraising Groups

Preparing and having the board or membership approve an annual budget and program plan is one of the most important legal responsibilities of nonprofit groups. A parent-led fundraising group budget may be fairly simple, setting forth the main sources of income, and the expected amounts for each, and the main categories of expenses and amounts of each. Reports should be prepared regularly throughout the year that show actual income and expenses compared to the budget. For example, a simple school fundraising group budget might look like the following:

| <b>Sample Budget Worksheet</b>       | <b>Budget<br/>July 1 - June 30</b> | <b>Actual to Date**<br/>November 1</b> |
|--------------------------------------|------------------------------------|--|
| <b>INCOME</b>                        |                                    |  |
| <b>Contributions, Gifts, Grants</b>  |                                    |  |
| Donations                            | \$1,000.00                         | \$500.00                               |
| Corporate Grants                     | \$1,000.00                         | \$1,000.00                             |
| <b>Fundraising</b>                   |                                    |  |
| <b>Fundraiser 1 - Fall Festival</b>  | <b>\$8,000.00</b>                  | <b>\$8,200.00</b>                      |
| Games                                |                                    | \$6,800.00                             |
| Food                                 |                                    | \$1,400.00                             |
| <b>Fundraiser 2 - Book Fair</b>      | <b>\$6,000.00</b>                  | \$ -                                   |
| <b>Fundraiser 3 - Concessions</b>    | <b>\$3,000.00</b>                  | <b>\$3,200.00</b>                      |
| <b>Auction</b>                       | <b>\$17,000.00</b>                 | \$ -                                   |
| <b>Dues</b>                          |                                    |  |
| Membership dues                      | \$1,000.00                         | \$750.00                               |
| <b>TOTAL INCOME</b>                  | <b>\$36,000.00</b>                 | <b>\$13,650.00</b>                     |
| <b>EXPENSES*</b>                     |                                    |  |
| <b>Administrative and Operations</b> |                                    |  |
| Insurance                            | \$295.00                           | \$250.00                               |
| Legal and Professional               | \$500.00                           | \$350.00                               |
| Bank Fees                            | \$5.00                             | \$5.00                                 |
| <b>Fundraising</b>                   |                                    |  |
| Fundraiser 1 - Fall Festival         | \$2,500.00                         | \$2,000.00                             |
| Fundraiser 2 - Book Fair             | \$2,000.00                         | \$ -                                   |
| Fundraiser 3 - Concessions           | \$3,700.00                         | \$2,750.00                             |
| <b>Programs</b>                      |                                    |  |
| Grant 1 (e.g., field maintenance)    | \$4,000.00                         | \$3,000.00                             |
| Grant 2 (e.g., band competitions)    | \$4,000.00                         | \$1,000.00                             |
| Grant 3 (e.g., robotics supplies)    | \$4,000.00                         | \$500.00                               |
| Playground Fund                      | \$14,000.00                        | \$ -                                   |
| <b>TOTAL EXPENSE</b>                 | <b>\$35,000.00</b>                 | <b>\$9,855.00</b>                      |

## Frequently Asked Questions

**Can a nonprofit group set up separate “accounts” for individual students? For example, individual students are credited with the dollars they earn during a candy or other sale towards a band trip so that if student A nets \$100 from the sale her trip costs are reduced by that \$100?**

The IRS has strict rules regarding nonprofits setting up individual fundraising accounts (IFAs) as these types of activities are called. See [PBUSA’s policy on IFAs](#).

**Is the amount paid for items purchased from a school auction tax-deductible for the buyer?**

No. Anytime a donor receives something of value in return for the money paid it is not considered a tax-deductible contribution. However, to the extent that a purchaser pays more than the fair market value of an item a deduction may be taken for the amount paid that exceed the fair market value. For example, if a parent pays \$50 for a \$25 gift certificate to a local restaurant, the parent may deduct the amount exceeding the fair market value – \$25 – as a contribution. Some items, however, such as a class quilt, or painted furniture or other one-of-a-kind item cannot be easily valued and therefore the price paid is considered by the IRS as the fair market value. Similarly, the cost of a raffle ticket is considered its fair market value because it is the price a willing buyer will pay for the chance to win the prize being raffled.

**Must a nonprofit, tax-exempt group spend all of its funds each year? If not, is there a limit on the amount of funds that may be carried over?**

There is no legal requirement that nonprofit, tax-exempt organizations spend all their funds and there is no limit on the amount of funds that may be carried over to subsequent years. Many larger nonprofits hold funds equal to one year or more operating budget in reserves. Parent groups frequently carry forward at least minimal sums to get the next year started. Sometimes parent groups must save funds for several years to purchase a large capital or other item, such as playground equipment, new band uniforms and the like.

\* PBUSA recommends that school support organizations/booster clubs be set up as fundraising organizations that make grants to the schools they support for specific needs. In this way, the school that is using the equipment and services is the party contracting for the goods and services and liable for their use.

\*\* PBUSA recommends that a budget-to-actual report be provided at each meeting. A complete financial review should be conducted at the end of the year and before turning records over to new officers.

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The only organization of its kind in the US, [Parent Booster USA](#) is about helping school support organizations (parent teacher organizations, high school booster clubs and other school fundraising groups) handle the state and federal government paperwork required of fundraising groups.

Founded in 2004 by an attorney skilled in nonprofit and tax law, [Parent Booster USA](#) has more than 4,000 member organizations in 48 states with a 95% annual renewal rate. We provide peace of mind for parent volunteers, school administrators and school district leadership.