

Money Tips and Traps for Homeschool Organizations

Brought to you by CHEA of California
Presenter: Carol Topp, CPA

Thanks to :

chea **Christian Home Educators Association of California**
Support • Advocacy • Community

support network
of the Christian Home Educators Association of California

CHEAofCA.org

California!

HomeschoolCPA

Content

- Tips on Management
 - Board duties
 - Reports
- Traps to Avoid
 - Tax Exempt Status
 - Paying workers/Volunteer discounts
 - Errors and Embezzlement

TIPS ON MANAGEMENT

Board duties: LOYALTY



- No conflicts of interest
- CA 49% rule

California 49% rule for Board members



A nonprofit board cannot have more than 49 percent of its current directors be "interested persons" any person receiving **compensation** within past year and that person's family member.

Board duties: CARE



- Board meetings
- Financial reports
- File IRS/California reports

Reports to Boards



Income and Expenses

Balance Sheet
(Assets and Liabilities)

Reports to Boards



Sample Homeschool Co-op Income & Expenses August through November 2018	
Ordinary Income/Expense	Aug - Nov 18
Income	
• Donations	
• Car Contrib(Amt/Date, ExpType)	
• Indirect Contributions	
Total Donations	12.24
• Program Income	102.00
• Membership Fees	440.00
• Co-op Income	152.24
Event Income	1,000.00
Field Trip Income	15,710.00
Total Program Income	17,462.00
Fundraiser Income	250.00
Total Income	17,862.00
Expenses	
• Program Expenses	
• Co-op Expenses	
• Field Trip Expenses	4,870.00
Total Program Expenses	317.00
• General & Admin Expenses	250.00
• Bank Fees	5,000.00
• Board Development	9.00
• Insurance	48.00
• Office Supplies	1,200.00
• Writable Expenses	86.42
Total General & Admin Expenses	69.42
Fundraiser Expenses	60.00
Total Expenses	1,362.82
Net Ordinary Income	2,000.00
Net Income	15,877.26

Reports to Boards



Sample Homeschool Co-op Balance Sheet As of November 30, 2018	
ASSETS	Nov 30, 18
• Current Assets	
• Checking/Savings	
• Payroll Account	
• Checking Account	450.34
Total Checking/Savings	11,476.92
• Accounts Receivable	11,927.26
• Accounts Receivable	
Total Accounts Receivable	750.00
Total Current Assets	750.00
TOTAL ASSETS	12,877.26
LIABILITIES & EQUITY	
• Equity	
• Opening Balance Equity	
• Ret Income	2,000.00
Total Equity	10,877.26
TOTAL LIABILITIES & EQUITY	12,877.26

HomeschoolCPA presents
FINANCIAL REPORTS FOR HOMESCHOOL GROUPS
THE GOOD, THE BAD AND THE UGLY!
 A free webinar
 Monday, October 23, 2018
 8 pm ET | 7 CT | 6 MT | 5 PT
 Register at
HomeschoolCPA.com/WebinarFR

YouTube <https://youtu.be/-AVzelg5ApY>

California Reports

Attorney General **Form RRF-1** Annual Registration Report at
<http://oag.ca.gov/charities/forms>

Franchise Tax Board **Form 199 or 199-N**:
https://www.ftb.ca.gov/online/199N_ePostcard/index.asp

Secretary of State **SI-100** Statement of Information

IRS Reports

Annual Information Return for Tax Exempt Organizations
Form 990/990-EZ/990-N
 For more information go to
<http://homeschoolcpa.com/irs-form-990n-faq>

Resources

MONEY MANAGEMENT IN A HOMESCHOOL ORGANIZATION
 A GUIDE FOR TREASURERS
 CAROL TOPP, CPA


HomeschoolCPA
Episode 107:
 Money Tips: Accounting software for homeschool groups

HomeschoolCPA
Episode 110:
 Money Tips: Look at your Balance sheet

Questions ?


TRAPS TO AVOID

Traps to Avoid




- Not understanding tax exempt status
- Paying workers Discounts to volunteers
- Errors and Embezzlement

Nonprofit and Tax exempt Status



Legal status

Nonprofit status
from the state




Tax status


Tax exempt status
from the IRS

Automatic tax exempt status


Under \$5,000 annual gross revenues

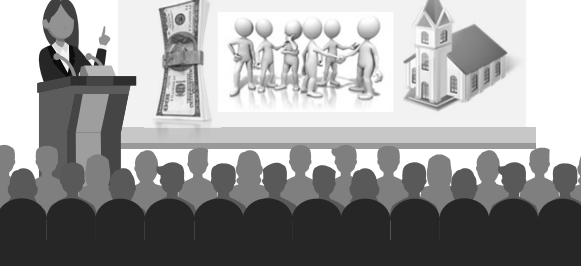


501(c)(7) Social Club (Support groups)



Part of a church


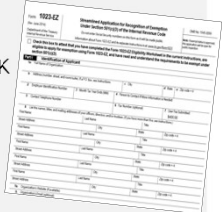




Apply for IRS tax exempt status



Form 1023-EZ

- Revenues under \$50K
- Online
- \$275 one time
- Reply in 10 days


Annual IRS Reporting




Form 990-N Gross Rev <\$50,000



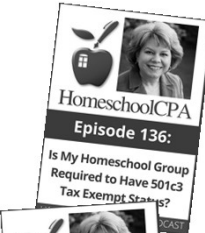
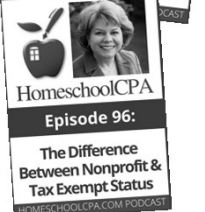
Failure to file Form 990

Automatic revocation of tax exempt status








Resources


Questions ?

Paying Workers





- Worker status
- Volunteers
- Paying board members

Worker Status



- Employee**
 - Right to control
 - Key activity of the business
- Independent Contractor**
 - Outside teacher
- Independent Business Owner**
 - Parents pay teacher directly





Carol (and other experts) says:



Teachers in an educational organization are almost always employees

Super Volunteers! Can we pay them?




- Discounts for volunteering**
Tuition discounts, if *significant*, are **taxable income**
- Pay Board members**
Board members, if paid, are **employees**

Resources







Avoiding errors and embezzlement




- 1 Bank statements get mailed to someone other than the treasurer.
- 2 Several board members authorized to log into bank account.
- 3 Check bank account activity frequently
- 4 Regular reports from Treasurer
- 5 Replace treasurers often-3 years maximum

Thank you to :



Christian Home Educators Association of California
Support • Advocacy • Community



CHEAofCA.org

Contact Carol Topp, CPA




Carol@HomeschoolCPA.com

 Facebook Group: I am A Homeschool Group Leader