

# Financial Reports for Homeschool Groups the Good, the Bad and the Ugly

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Topics for the webinar

- Goals and why bother?
- Chart of Accounts
- 2 financial reports
- **The Good** and how to read it | **The Bad**: What Not to Wear Report | **The Ugly**: Find the errors!

Goal: Good looking financial statements

But why bother?

- Fiduciary duty of care, management, and compliance
- Avoid mistakes
- Know when to file 990-EZ
- Gross revenues above \$50,000/year
- Be above reproach
- Set a good example for the next generation

**Chart of Accounts** (See Sample at end)

Chart of Accounts Tips

- Use generic categories (IRS/standard nonprofit categories)
- Use subcategories/subaccounts
- Use clear names
- **Never** have a category called "Reimbursements"
- Rent is NOT a contribution, "love offering," gift. It's RENT/payment for use of the facility
- "Scholarships" are really a reduction in Income. Best called a "Fee Discount"

**Profit and Loss** Better called Income and Expenses (See sample at end)

- Only **4** Categories for Income: Donations, Program Income, Fundraiser Income and Interest/Other Income
- Only **4** categories for Expenses: Program Expenses, General & Admin Expenses, Fundraiser Expenses, Other Expenses

Tips for Income and Expenses Statement

- Income at the top, Expenses below that
- Largest categories first, Misc. at the end
- Do not mix income and expenses in the same account
- Opening balance is not income for the new year
- PayPal is not income

Questions to ask: Income and Expense

- Is this where our **income** should be coming from? Are we too dependent on an unreliable source of income? What other sources of income should we have?
- Is this where we should be **spending** our money?
- Is this enough **surplus**?

Balance Sheet better called Assets and Liabilities or Statement of Financial Position

#### Assets & Liabilities Tips

- Assets first, Liabilities below that
- There should **never** be negative numbers
- No personal names!
- Small nonprofits rarely have: Land, Buildings or (depreciable) Equipment, Liabilities (future expenses are not liabilities)

#### Questions for Assets and Liabilities

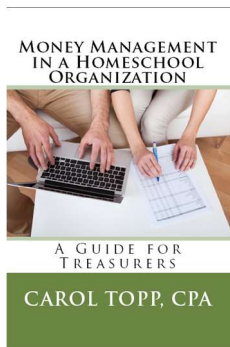
- Do we have **enough cash** to meet our liabilities?
- Are any **assets** reserved? Deferred revenues (early deposits), Financial cushion for emergencies, Insurance deductibles and Future plans

#### Collecting early deposits for next year

- Simple method: Just count it as income when received. And make sure your board knows it's for next year!
- More complicated accounting method: Deferred revenue as a *liability account* because you owe them a class or their money back. Appropriate if you use accounting software.

#### Resources

I am a Homeschool Group Leader Facebook group: <https://www.facebook.com/groups/72534255742/>



[Money Management in a Homeschool Organization](#)

Recorded webinar: [HomeschoolCPA.com/WebinarFR](https://HomeschoolCPA.com/WebinarFR)

## Sample Chart of Accounts for homeschool groups

◇ Donations	Income
◇ Biz Contrib(AmzSmile, BoxTops)	Income
◇ Individ Contributions	Income
◇ Program Income	Income
◇ Membership Dues	Income
◇ Co-op Income	Income
◇ Co-op Fees	Income
◇ Fee Discount	Income
◇ Class/Supply fees	Income
◇ Event Income	Income
◇ Field Trip Income	Income
◇ Fundraiser Income	Income
◇ Investments	Income
◇ Interest-Savings, Short-term CD	Income
◇ Other Types of Income	Income
◇ Miscellaneous Revenue	Income

◇ Program Expenses	Expense
◇ Co-op Expenses	Expense
◇ Classroom Expenses	Expense
◇ Payroll Expenses	Expense
◇ Rent	Expense
◇ Event Expenses	Expense
◇ Field Trip Expense	Expense
◇ General & Admin Expenses	Expense
◇ Bank fees	Expense
◇ Board Development	Expense
◇ Meetings & Convention	Expense
◇ Insurance	Expense
◇ Office Supplies	Expense
◇ Printing and Copying	Expense
◇ Postage, email Service	Expense
◇ Professional Fees	Expense
◇ Accounting Fees	Expense
◇ Legal Fees	Expense
◇ Independent Contractors	Expense
◇ Website Expense	Expense
◇ Fundraiser Expense	Expense
◇ Other Types of Expenses	Expense
◇ Ask My Accountant	Other Expense

Sample Statement of Activities (Profit and Loss or Income and Expenses) for homeschool groups

**Sample Homeschool Co-op**  
**Income & Expenses**  
 August through November 2018

Aug - Nov 18	
<b>▼ Ordinary Income/Expense</b>	
<b>▼ Income</b>	
<b>▼ Donations</b>	
Biz Contrib(AmzSmile, BoxTops)	52.34
Individ Contributions	100.00
<b>Total Donations</b>	<u>152.34</u>
<b>▼ Program Income</b>	
Membership Dues	1,000.00
▶ Co-op Income	15,750.00
Event Income	460.00
Field Trip Income	250.00
<b>Total Program Income</b>	<u>17,460.00</u>
Fundraiser Income	121.00
<b>Total Income</b>	<u>17,733.34</u>
<b>▼ Expense</b>	
<b>▼ Program Expenses</b>	
▶ Co-op Expenses	4,975.00 ◀
Event Expenses	357.00
Field Trip Expense	250.00
<b>Total Program Expenses</b>	<u>5,582.00</u>
<b>▼ General &amp; Admin Expenses</b>	
Bank fees	9.66
▶ Board Development	46.00
Insurance	1,200.00
Office Supplies	66.42
Website Expense	60.00
<b>Total General &amp; Admin Expenses</b>	<u>1,382.08</u>
Fundraiser Expense	92.00
<b>Total Expense</b>	<u>7,056.08</u>
<b>Net Ordinary Income</b>	<u>10,677.26</u>
<b>Net Income</b>	<u><u>10,677.26</u></u>

Sample Statement of Financial Position (or Balance Sheet Assets and Liabilities) for homeschool groups

## Sample Homeschool Co-op Balance Sheet

As of November 30, 2018

	Nov 30, 18
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Paypal Account	450.34
Checking Account	11,476.92
Total Checking/Savings	11,927.26
Accounts Receivable	
Accounts Receivable	750.00
Total Accounts Receivable	750.00
Total Current Assets	12,677.26
<b>TOTAL ASSETS</b>	<b>12,677.26</b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
Opening Balance Equity	2,000.00
Net Income	10,677.26
Total Equity	12,677.26
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>12,677.26</b>