

*Homeschool  
Organization  
Board Manual*

2017-2018

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Homeschool Organization Board Manual

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# How to Use This Manual

A board member's manual can be an important organizational tool to help the leaders of a homeschool organization to be more organized and effective.

- A manual, could be used as an orientation resource for new members.
- It can also be used as a record of work and accomplishments for current board members.
- A board manual can also play a role in helping board members stay organized.
- Finally, a board manual can be a "policy manual" which keeps all the policies in one place.

A board manual should be given to each board member. When someone leaves the board it should be turned over to new board members. It is a legacy document, meant to be passed down.

## **Secretary's role:**

The board Secretary plays a key role in assembling the manual. He or she is normally the person with the responsibility for producing minutes, distributing reports and keeping the organization's official documents.

## **Assembly and Customization**

This manual is a dynamic tool, always being updated. It's best if it is contained in a three-ring loose leaf binder. A binder with a 1 inch or 1 1/2 inch spine and tabbed dividers will provide lots of room for key documents.

This manual is designed to allow you to customize it with your organization's name. There are several places for you to fill in spaces to make it easy to print out and distribute. There are lists on every section divider of essential documents to be stored in that section and additional documents that are optional.

There is also additional information that includes articles, samples, and helpful information on running your organization. It is sort of a board training guide to help you lead your homeschool organization successfully.

I encourage you to use this board manual as best fits your homeschool organization. Then pass it down to future board members, so your legacy continues.

**Important Note**

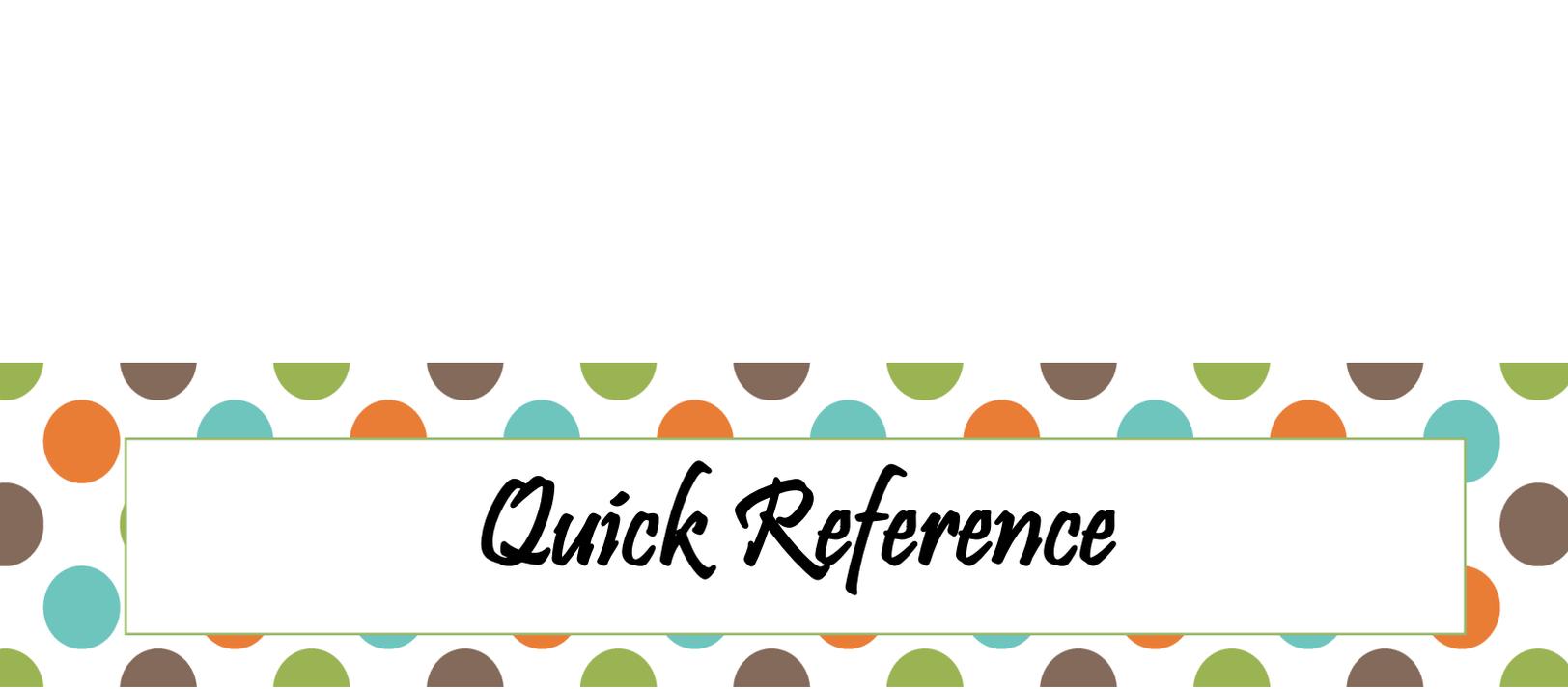
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Carol Topp, CPA



# Quick Reference

At the front of your Board Manual you may wish to include quick reference materials that board members will be referring to frequently including:

- ❑ **Organizational profile**

An organizational profile is a one-page outline which includes your mission statement, a description of your activities, and your organization's history. It should also include the organization's address, email, website, and tax ID number (your Employer Identification Number, EIN).

It may also be useful to include some basic financial information displaying where the funds come from and where they are spent. (See attached sample.)

This profile is an introduction to the organization for new board members, and provides reminders of the mission of the organization to board members.

- ❑ List of board members with contact information
- ❑ Annual planning calendar

# Organizational Profile

Our Mission Statement

Our Main Activities & Services

- 
- 
- 
- 

Address

Website

Email

EIN

State Charity #

Our Finances

Sources of Income
Total Income

Expenses
Total Expenses

Year

Bank Balance at the Beginning of the Year

Our Fiscal Year Begins

# Board Members

Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:



# Legal Documents

- ❑ Letter from IRS assigning an Employer Identification Number (EIN)
- ❑ Articles of Incorporation or Articles of Association
- ❑ Amendments to the Articles
- ❑ IRS letter granting 501(c)(3) status (also known as the IRS determination letter)

## Optional

- ❑ *Letter from your state granting state income tax exemption*
- ❑ *Sales tax exemption documents or letter (not all states grant sales tax exemption to homeschool nonprofit organizations)*
- ❑ *Registration for solicitation with your state Attorney General. Many states, but not all, require nonprofit organizations to register in their states. See State Requirements in the Additional Information.*
- ❑ *Licenses and Permits such as a daycare license*



# Mission

- ❑ Mission, Vision and Values Statements
  - See the article on “Writing Your Mission Statement” in Additional Information
- ❑ Annual Goals

## **Optional**

- ❑ *Statement of Faith (if applicable)*



# *Mission Statements*

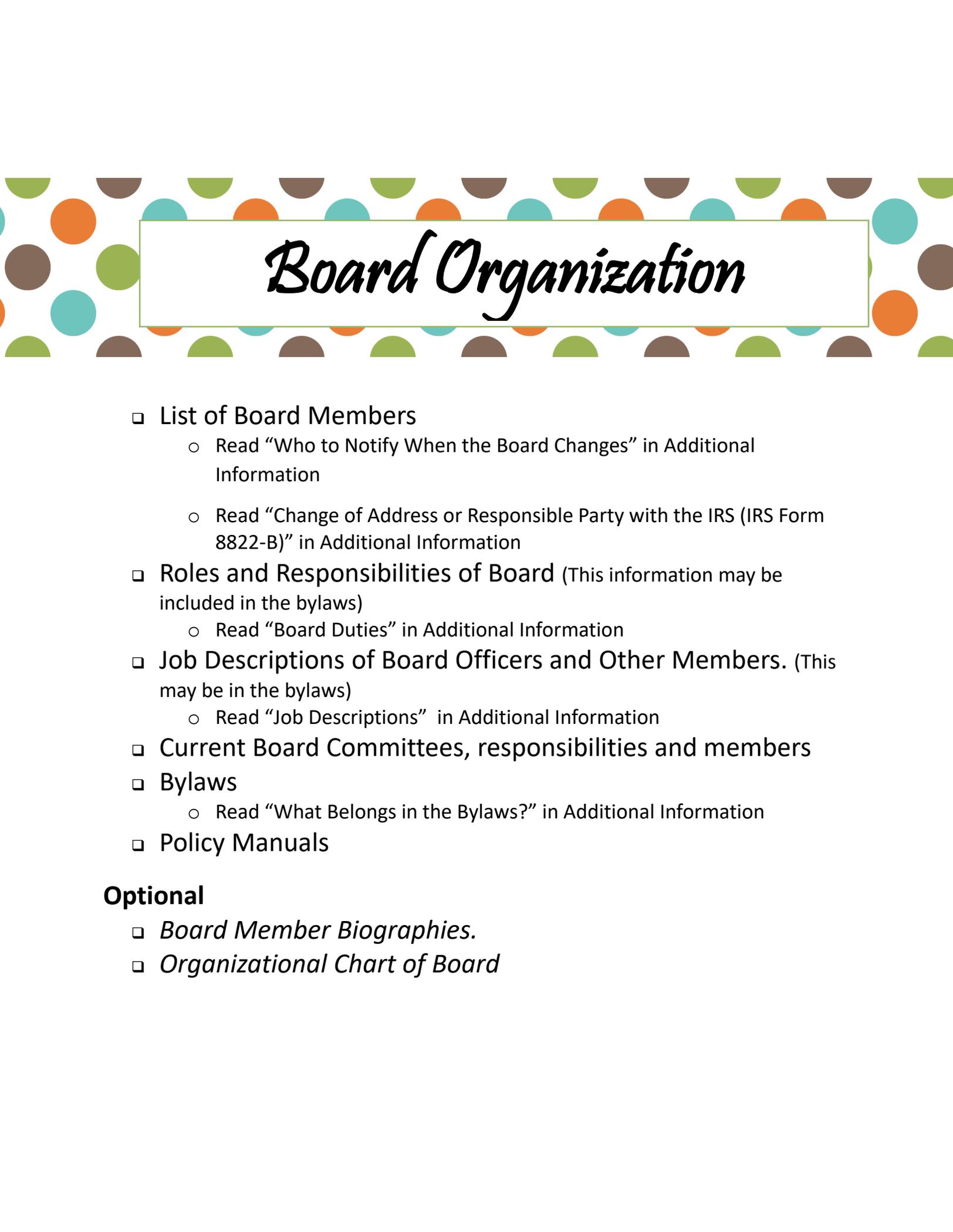
**Our Mission Statement**

**Our Vision**

**Our Values**

# Annual Goals

Goal	Due Date	Person Responsible	Progress



# Board Organization

- ❑ List of Board Members
  - Read “Who to Notify When the Board Changes” in Additional Information
  - Read “Change of Address or Responsible Party with the IRS (IRS Form 8822-B)” in Additional Information
- ❑ Roles and Responsibilities of Board (This information may be included in the bylaws)
  - Read “Board Duties” in Additional Information
- ❑ Job Descriptions of Board Officers and Other Members. (This may be in the bylaws)
  - Read “Job Descriptions” in Additional Information
- ❑ Current Board Committees, responsibilities and members
- ❑ Bylaws
  - Read “What Belongs in the Bylaws?” in Additional Information
- ❑ Policy Manuals

## Optional

- ❑ *Board Member Biographies.*
- ❑ *Organizational Chart of Board*

# Board Members

Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:
Name, Title:	Name, Title:
Email:	Email:
Phone:	Phone:
Address:	Address:

# Committees

Committee	Chair and members	Contact Information



# *Board Operations*

- Board Calendar including meeting dates and topics.
  - See “Board Meeting Topic List” in Additional Information.
- Board Meeting Agendas and Minutes
  - See Sample Board Meeting Agenda
- Committee Meeting Agendas and Minutes
- Conflict of Interest Policy
  - See Sample Conflict of Interest Policy
  - Read “Compensation and Benefits for Board Members” in Additional Information



# Sample Board Meeting Agenda

Date:

Board members Present:

Board members Absent:

Opening/Prayer *(usually given by the Chair)*

Executive Report *(given by the Chief Executive or President to update the board on day-to-day operations of the organization)*

Secretary's Report. Approve Minutes from last meeting.

Treasurer's Report *(The Treasurer gives financial statements showing income and expense and bank balances)*

Committee Reports *(given by Committee Chairs or Vice Chair)*

Board Training *(This is a time to offer board training or discuss broader issues of board governance. See Board Meeting Topic List in the book)*

New Business *(this is where new issues and plans are discussed)*

Old Business *(this is for discussion of issues brought up at prior meetings)*

## Action Items:

*(This list is so that board members recall who is responsible for what upcoming tasks)*

Item	Person responsible	Due date

# Sample Conflict of Interest Policy

The purpose of a conflict of Interest policy is so that your board members stay above reproach in their decision-making. They should exercise duty of loyalty to the organization over their own personal interests by avoiding a conflict of interest.

This sample is from The Best of the Board Café, [www.compasspoint.org/bookstore](http://www.compasspoint.org/bookstore) © 1998-2006 CompassPoint Nonprofit Services. Other sample Conflict of Interest policies can be found at [HomeschoolCPA.com/Samples](http://HomeschoolCPA.com/Samples). They are in Microsoft Word format, so it is easy for you to add your organization's name.

The standard of behavior at \_\_\_\_\_ (*name of your organization*) is that all staff, volunteers, and board members scrupulously avoid any conflict of interest between the interests of the organization on one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as perceptions of conflicts of interest.

I understand that the purposes of this policy are: to protect the integrity of the organization's decision-making process, to enable our constituencies to have confidence in our integrity, and to protect the integrity and reputation of volunteers, staff and board members.

Upon or before election, hiring or appointment, I will make a full, written disclosure of interests, relationships, and holdings that could potentially result in a conflict of interest. This written disclosure will be kept on file and I will update it as appropriate.

In the course of meetings or activities, I will disclose any interests in a transaction or decision where I (including my business or other nonprofit affiliation), my family and/or my significant other, employer, or close associates will receive a benefit or gain. After disclosure, I understand that I will be asked to leave the room for the discussion and will not be permitted to vote on the question.

I understand that this policy is meant to be a supplement to good judgment, and I will respect its spirit as well as its wording.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

# Financial Management

- ❑ Internal Control Policies (bookkeeping controls).
  - Read “Best Financial Practices” in Additional Information
- ❑ Blank Reimbursement form
- ❑ Reimbursement Policy
  - Read “Creating a Reimbursement Policy” in Additional Information

## Optional:

- ❑ *Policy on tracking in-kind donations (donations of goods or services). This is rarely needed. Most homeschool nonprofits do not track or record in-kind donations.*
- ❑ *Policy on travel reimbursements*
- ❑ *Tracking volunteer hours. You only need to track volunteer hours if required by a grant.*
- ❑ *Policy on accepting donations. Some nonprofit organizations do not accept donations of automobiles, stock, or collectibles because of the difficulty in re-selling those items.*



# *Financial Records*

- ❑ Yearly Budget
- ❑ Financial Statements including revenue and expenses (Statement of Activity) and assets and liabilities (Statement of Financial Position)
  - See Sample Financial Statements in Additional Information

## Unique to the Treasurer's Binder

- ❑ Annual IRS Form 990-N/990-EZ or 990 (President and Secretary should also have a copy)
- ❑ IRS Form 8822-B to change the contact name associated with your EIN or to change the organization's address
- ❑ State annual reports



# *Additional Information*

This book is more than a template for your board members' binders. It is also a training guide for your board members. The additional information that follows is that training guide.

Feel free to insert these additional pages in each section of the binder where they pertain (they are listed on the section pages) or keep them assembled together as a reference guide.

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# Writing Your Mission Statement

Excerpt from *Homeschool Co-ops: How to Start Them, Run Them and Not Burn Out* by Carol Topp, CPA

Mission statements are a concise way to state your organization's purpose. They help focus and clarify the goal of your organization. Mission statements must tell others who you are and remind your leaders and members of your focus.

## A mission statement answers two questions:

Who are you? Are you defined geographically, by religious affiliation, by age of students, by skills, styles or by curriculum choice? Who is your target audience? Do you want to attract parents, kids, athletic students, musical students, high school students, etc.?

Why do you exist? Is it to encourage parents, support students, offer information, conduct classes, promote homeschooling or provide field trips?

Write down your answer to Who are you?

---

Record your answer to Why do you exist?

---

Although a mission statement should explain who and why you exist, it does not include how you will accomplish your purpose. The answer to this question would be a general summary of what programs your organization will provide such as holding classes, running a sports program, organizing field trips, etc. The detailed description of your activities should be in another statement called a Program Statement or just a simple list of activities you offer.

## Tips for Writing a Mission Statement

1. Use words like try, seek, influence and encourage.
2. Keep your mission statement short, ideally one sentence or about 50 words.
3. Be accurate. Do not make your purpose unattainable or sound loftier than you can accomplish. Your organization cannot be all things to all people.
4. Put your mission statement everywhere. Include it on letter-head, posters and on a sign at every board meeting.

## Sample Mission Statements

Here are some mission statements from homeschool co-ops that may give you inspiration:

*The purpose of this organization shall be to provide support, information and encouragement to homeschooling families.*

*This group exists to teach and disseminate educational materials to parents of homeschooled children.*

*The mission of this homeschool co-op is to provide affordable, quality, fun-filled academic classes to children in the homeschool community.*

*We exist to encourage, support and build up a community of Christian homeschool families.*

# Who to Notify When the Board Changes

It is common for nonprofits to change leaders and signers on the checking account quite frequently, maybe annually! Here's what you need to do if your board members change.

- Notify the Internal Revenue Service (IRS) when you file your annual information return, Form 990-N (it asks for only one officer's name, not the full list of board members), 990-EZ or 990 which have you list all board members.
- Your state may require an annual report as well to the Secretary of State Office and/or the Attorney General. Each state is different, so you'll have to research the details for your state.

Carol Topp, CPA can do that research for you or you can research for yourself using this helpful website: <https://www.harborcompliance.com/information/nonprofit-compliance-guide>

## **Change Your Mailing Address**

You can change your address with the IRS by simply providing the new address on your annual information return, Form 990-N, 990-EZ or 990.

Changing your address with your state may involve several agencies including the Secretary of State and Attorney General. Each state is different, so you'll have to research the details for your state. Carol Topp, CPA can do that research for you or you can research for yourself using this website: <https://www.harborcompliance.com/information/nonprofit-compliance-guide>

## **Change the Responsible Party on your EIN**

You can change the responsible person on your organization's Employer Identification Number (EIN) by filing an IRS Form 8822-B (see below) or visit <https://www.irs.gov/pub/irs-pdf/f8822b.pdf>.

## **Change your Registered Agent**

If you are a nonprofit corporation in your state (meaning you filed official Articles of Incorporation with them), you assigned a Registered Agent. This is a personal who is a resident of your state and should always know how to reach your organization. To change the registered agent for your organization, go to your Secretary of State's website and look for a document called Change of Registered Agent.

# Change of Address or Responsible Party with the IRS

When you applied for an Employer Identification Number (EIN) with the Internal Revenue Service (IRS), you had to give an address and a responsible party. If the address or responsible party changes, you can use Form 8822-B to update the IRS.

IRS Form 8822-B is available online at <https://www.irs.gov/pub/irs-pdf/f8822b.pdf>

Here is a copy of the form. They will ask for the new responsible party's name and Social Security Number.

Form (Rev. October 2014) Department of the Treasury Internal Revenue Service	<b>8822-B</b> <b>Change of Address or Responsible Party — Business</b> ▶ Please type or print. ▶ See instructions on back.   ▶ Do not attach this form to your return. ▶ Information about Form 8822-B is available at <a href="http://www.irs.gov/form8822b">www.irs.gov/form8822b</a> .	OMB No. 1545-1163
<b>Before you begin:</b> If you are also changing your home address, use Form 8822 to report that change.		
If you are a tax-exempt organization (see instructions), check here <input type="checkbox"/>		
Check <b>all</b> boxes this change affects:		
1 <input type="checkbox"/> Employment, excise, income, and other business returns (Forms 720, 940, 941, 990, 1041, 1065, 1120, etc.)		
2 <input type="checkbox"/> Employee plan returns (Forms 5500, 5500-EZ, etc.)		
3 <input type="checkbox"/> Business location		
<b>4a</b> Business name		<b>4b</b> Employer identification number
<b>5</b> Old mailing address (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.		
Foreign country name	Foreign province/county	Foreign postal code
<b>6</b> New mailing address (no., street, room or suite no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.		
Foreign country name	Foreign province/county	Foreign postal code
<b>7</b> New business location (no., street, room or suite no., city or town, state, and ZIP code). If a foreign address, also complete spaces below, see instructions.		
Foreign country name	Foreign province/county	Foreign postal code
<b>8</b> New responsible party's name		
<b>9</b> New responsible party's SSN, ITIN, or EIN		
<b>10</b> Signature Daytime telephone number of person to contact (optional) ▶ _____		
<b>Sign Here</b>	Signature of owner, officer, or representative	Date
	Title	

# Board Duties

By Carol Topp, CPA

HomeschoolCPA.com

Each board member has a fiduciary (i.e. legal) duty to manage the organization and its funds within the purpose/mission of the organization and not for private gain or benefit. The board's job is to govern the organization, be responsible for the management of funds, and be responsible for its programs.

From Ohio Attorney General [Guide for Charity Board Members](#) comes this excellent list of the duties of board members (with my comments and links added).

## **Duty of Care**

- Read and understand mission, vision, and governing documents. I recommend a board binder for important documents.
- Attend board and committee meetings.
- Be informed and prepared to participate in decision-making and oversight.
- Exercise same care as a prudent person would in the handling of their own affairs.

## **Duty of Loyalty**

- Be prepared to put organizational objectives above self-interest.
- Establish and follow written policies concerning conflict of interest situations.
- Disclose personal financial interests when needed/excuse yourself from voting. See a sample Conflict of Interest policy in this manual.
- Avoid entering into business relationships between board members and the organization.

## **Duty of Management**

- Develop policies that assure the financial responsibility of the organization. Read Best Financial Practices Checklist included in this manual.
- Keep accurate and complete records of income, expenses, investments, and minutes.
- Develop budget as a blueprint for program plans and all organizational spending. My book [Money Management in a Homeschool Organization](#) can help you create a budget.
- Develop fundraising goals and assist the organization in acquiring adequate resources.

## **Duty of Compliance**

- Understand and comply with governing documents, including bylaws and code of conduct. Sample bylaws can be found in this manual.
- Know and comply with state and federal laws governing non-profit organizations, including registration and reporting requirements. See State Requirements in this manual.

# Job Descriptions for Board of Directors

The following descriptions were adapted from <http://managementhelp.org/boards/job-descriptions.htm> and <http://www.nonprofitlawblog.com>

## **Chief Executive**

The Chief Executives main job is to manage the operations and activities of the organization. This is typically the head staff person. The Chief Executive is accountable to the Board. They are usually appointed (or hired) by the board. They are like the pastor of a church or the principal of a school. Many homeschool organization do not pay staff, so the Chief Executive would be volunteer who is in charge of the day-to-day operations of the organization. You may call this person Director, Executive Director or Coordinator.

Typically the Chief Executive attends board meetings, but does not have a vote. She usually gives a report to the board on the activities of the organizations and any concerns she has. In many homeschool groups the Chair is also the Chief Executive. That is permitted (you should state that in your bylaws), but be sure that this person is not taking on too much responsibility. You don't want them to burn out and lose both your chair and chief executive.

- Ensures the organization's activities are compliant and in furtherance of its mission.
- Leads, manages, and develops the organization's employees and volunteers
- Develops, implements, monitors, and assesses the organization's programs and activities with the Board.
- Develops, implements, monitors, and assesses sound and compliant financial management practices (including budgeting) with the Treasurer.
- Develops, implements, monitors, and assesses sound and compliant fundraising practices with the Board.
- Partners with the Chair of the Board to help ensure the Board's directives, policies, and resolutions are carried out.
- Keeps the organization's Board informed of significant developments and concerns.

## **Officers**

The officers of a nonprofit are: Chair (sometimes called President), Vice Chair, Secretary and Treasurer. The remaining board members are called members-at-large. You may wish to assign the members-at-large duties such as Registrar, Fundraising, etc. They may head committees and report to the Board the committee's activities, decisions and recommendations.

## **Board Chair**

The main job of the Chair is to set agendas and conduct Board meetings. That sounds simple enough, but it carries significant responsibility or oversight of all the board's decisions and functions.

- Provides leadership to the Board of Directors, who sets policy and to whom the Chief Executive is accountable.
- Chairs meetings of the Board
- Develops the agenda for Board meetings.
- Calls for special meetings of the Board.
- Encourages Board's role in strategic planning.
- Appoints the chairpersons of committees, in consultation with other Board members.
- Helps guide and mediate Board actions with respect to organizational priorities and governance concerns.
- Reviews with the Chief Executive any issues of concern to the Board.
- Monitors financial planning and financial reports with the Treasurer.
- Plays a leading role in fundraising activities
- Formally evaluates the performance of staff, volunteers, and informally evaluates the effectiveness of the Board members.
- Evaluates annually the performance of the organization in achieving its mission.

## **Vice Chair**

The main job of the Vice Chair is to assist the Chair. This position is typically successor to the Chair position. The Vice may also chair committees.

- Performs Chair responsibilities when the Chair cannot be available (see Chair Job Description).
- Works closely with the Chair and other staff.
- Chairs committees as assigned by the Chair.
- Participates closely with the Chair to develop and implement officer transition plans.
- Performs other responsibilities as assigned by the Board.

## **Secretary**

The secretary's main job is communication and keeping the organizations important documents.

- Develop and distribute a board calendar before the start of each year
- Assembles and updates the board members' binders.
- Gives proper notice of any meetings
- Distributes the meeting agendas
- Records minutes of board meeting
- Ensures minutes are distributed to members shortly after each meeting
- Is familiar with legal documents (articles, by-laws, IRS letters, etc.) to note applicability during meetings
- Works with the treasurer to meet all required annual filings
- Maintains records of the organization's records

## **Treasurer**

The treasurer's main job is oversight of the finances. In many homeschool groups the treasurer is the bookkeeper as well.

- Manages or oversees the finances of the organization
- Administrates the fiscal matters of the organization including selecting a bank, reconciling bank statements, and managing cash flow.
- Provides annual budget to the board for members' approval
- Provides financial statements for board review
- Gives a report regularly (some groups require a treasurer's report at every board meeting). The Treasurer should keep the board apprised of key financial events, trends, and concerns, and her assessments of the organization's fiscal health.
- Completes, or ensures the completion of, required financial reporting forms (including the IRS Form 990 and state reports) in a timely manner and makes these forms available for the board's review.
- Keep a calendar of filing requirements and deadlines. Works with the Secretary to ensure deadlines are all met in a timely manner
- Develop and enforce strong internal controls and financial management policies. See Best Financial Practices Checklist in this book.

## **Board Member at large**

- Regularly attends board meetings and important related meetings.
- Makes serious commitment to participate actively in committee work.
- Volunteers for and willingly accepts assignments and completes them thoroughly and on time.
- Stays informed about committee matters, prepares themselves well for meetings, and reviews and comments on minutes and reports.
- Gets to know other committee members and builds a collegial working relationship that contributes to consensus.
- Is an active participant in the committee's annual evaluation and planning efforts.
- Participates in fund raising for the organization.

## **Committee Chair**

The Vice Chair may serve as Committee Chair or the Board Chair could appoint another person. The Committee Chair could be another Board member or a qualified volunteer.

- Assigns work to the committee members, sets the agenda and runs the meetings, and ensures distribution of meeting minutes.
- Oversees the logistics of committee's operations.
- Ensures that committee members have the information needed to do their jobs.
- Reports to the Board's Chair on the committee's activities.
- Reports to the full Board on committee's decisions/recommendations.
- Works closely with the Chief Executive and other staff as needed.

# What Belongs in the Bylaws?

By Carol Topp, CPA

HomeschoolCPA.com

Your nonprofit's bylaws are one of the most important of your organization's documents. Bylaws are the operational manual for the organization. The bylaws contain information on:

1. The period of time a board member serves
2. The number of people required to reach a quorum
3. Who calls a meeting and who runs it
4. How board members can vote: in person only or by phone or email.
5. How new board members are chosen: by election or appointment
6. The method used to appoint the officers
7. When and where meetings should take place
8. How the bylaws can be changed

## **Voting members**

One of the most important aspects to be mentioned in the bylaws is whether your organization has voting members or not. An organization that is run by a board of directors does not have any voting members. All decisions are made by the board and the board chooses its own replacements. On the other hand, some groups allow its members to vote for the board of directors. Your bylaws should clearly state what voting rights are given to the members.

Check your Articles of Incorporation (or Your Articles of Association) to see if your organization has members. The document means *voting* members, not participants on your program. If the Articles say that the organization has members, then they need to be given a vote. Usually members have the right to vote on the board members. Your bylaws need to spell out what matters the members will vote on.

# Sample Bylaws

## Sample Bylaws for a Homeschool Nonprofit Organization

*Use these sample bylaws as a starting point to create your own bylaws. My comments and clarification are in parentheses and italics and should be omitted from your bylaws.*

### Article 1 – Name, Purpose, Location

Section 1 – The name of this organization shall be \_\_\_\_\_.

Section 2 – The mission of \_\_\_\_\_ is to \_\_\_\_\_.

Section 3 – The registered office location of \_\_\_\_\_ shall be \_\_\_\_\_. The organization may have any number of offices at such places as the Board may determine.

### Article 2 – Membership

*(Check your Articles of Incorporation to see if it allowed for members or not. If not, then you can have members as participants in your program, but they would have no voting rights.)*

Section 1 – The organization will have voting members.

Or

The organization will not have voting members. All decisions will be made by the Board of Directors.

Section 2 – Qualification for voting membership include:

Or

The qualification for (nonvoting) membership (i.e. participation only) will be:

*List here what you have as qualifications to participate in your program such as paying the fee, agreeing to your policies and procedures, etc.*

Section 3 – Members of the organization shall have the right to one vote on matters regarding \_\_\_\_\_ *(election of board members is most typical).*

*(Check your Article of Incorporation to see if it allowed for members, i.e., voting members. If there were no members, then omit this section since the members are only participants in your program and have no right to vote.)*

### Article 3 – Meetings

Section 1 – The date of the regular annual meeting shall be determined by the Board of Directors who will also set the time and place.

Section 2 – Regular meetings of the Board may be held at such place and time as shall be designated by the standing resolution of the Board.

Section 3 – Special meetings may be called by \_\_\_\_\_. (*Who? The Chair, any board member, etc.*)

Section 4 – Notice of all meetings shall be provided to each voting member, by \_\_\_\_\_, (*mail, fax, email*) at least \_\_\_\_\_ hours/days/weeks prior to the meeting.

Section 5 - Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as members participating in such meeting can hear one another. Members of the Board may vote by e-mail, text or other electronic means.

#### **Article 4 – Board of Directors**

Section 1 – The business of the organization shall be managed by a Board of Directors comprised of at least \_\_\_ Board members. The Board is responsible for maintaining the overall policy and direction of the organization. The Board shall delegate responsibility of day-to-day operations to the Executive Director and appropriate committees. .

Section 2 – The Board shall meet at least \_\_\_\_\_ times per year at an agreed upon time and location. Board members shall not miss more than \_\_\_\_\_ meeting(s) per year.

Section 3 – All Board members shall serve for \_\_\_\_\_ year terms (*staggered terms are optional*) and can be eligible for re-election \_\_\_\_\_ times (*or indefinitely*).

Section 4 – Any Director may be removed from office without assigning any cause by the vote of the Board at any meeting of the Board.

Section 5 – Any Director may resign at any time by giving notice to the organization.

Section 6 – In the event of a vacancy on the Board (including situations where the number of Board members has been deemed necessary to increase), the directors shall fill the vacancy.

Section 7 – A quorum must be attended by at least \_\_\_\_\_ percent of the Board members (or \_\_\_\_\_ (*number*) Board members) before business can be transacted or motions made or passed.

Section 8 - The Board of Directors shall hire and fix the compensation of any and all employees which they in their discretion may determine to be necessary for the conduct of the business of the organization.

Section 9 - Board members shall receive no compensation (other than reasonable expenses) for their service on the Board.

Or

Board members may receive small, insignificant compensation or benefits in the form of \_\_\_\_  
(reduced tuition, fees, early registration, etc.)

*If your organization wishes to compensate board members, it is taxable income to them. Officers must be paid as employees. Other board members can be paid as Independent Contractors. Read Compensation and Benefits for Board Members in this manual.*

## **Article 5 – Officers**

Section 1 – The officers of the organization shall be \_\_\_\_\_, \_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_. (titles such as Vice Chair,  
President, Treasurer, not names)(The number of officers and their positions may be governed by  
your state’s laws.) The Board of Directors shall appoint each of these officers. The Board may  
also appoint other officers it deems necessary.

Section 2 – The Board of Directors shall appoint officers for a term established by the Board.

Section 3 – Any officer may be removed from office without assigning any cause by the vote of  
the Board at any meeting of the Board.

Section 4 – Officers of the Board will not be compensated via salary or other benefits for their  
service as an officer of the Board.

### Section 5 – Board Chair/President

The Chair shall convene regularly scheduled Board meetings and shall preside or arrange for  
other members of the Executive Committee to preside at each meeting in the following order:  
Vice Chair, Secretary and Treasurer.

### Section 6 – Vice Chair

The Vice Chair will chair committees on special subjects as designated by the board. In  
addition, the Vice Chair will facilitate meetings in the absence of the Board Chair.

### Section 7 – Secretary

The Secretary shall be responsible for keeping records of Board actions, including overseeing the taking of minutes at all board meetings, sending out meeting announcements, distributing copies of minutes and the agenda to each Board member, and assuring that corporate records are maintained.

#### Section 8 – Treasurer

The Treasurer shall make a report at each Board meeting. The treasurer shall chair the Finance Committee, assist in the preparation of the budget, help develop fund raising plans, and make financial information available to Board members and the public.

### **Article 6 – Committees**

Section 1 – The Board may create committees as needed, such as fund raising, public relations, and program committees. The Board Chair shall appoint all committee chairs.

Section 2 – No committee shall have any power to: fill vacancies on the Board, adopt amend or repeal the by-laws, amend or repeal any resolution of the Board, or act on matters committed by the by-laws or resolution of the Board to another committee of the Board.

#### (optional) Section 3 – Executive Committee

The Executive Committee shall be composed of the \_\_\_\_ officers of the Board and other Board members appointed to the Executive Committee. The Executive Committee shall have the power and the authority of the full Board of Directors in the intervals between meetings of the Board.

#### (optional) Section 4 – Finance Committee

The Treasurer shall be the chair of the Finance Committee. The Finance Committee shall be composed of at least \_\_\_\_ but no more than \_\_\_\_ Board members. The Finance Committee is responsible for developing and reviewing fiscal procedures, overseeing the annual audit, and reviewing and explaining the annual budget to the full Board. The budget is approved by the vote of the full Board. Financial reports and updates shall be provided by the Finance Committee to the board \_\_\_\_\_. (*quarterly, monthly, annually*)

### **Article 7 - Indemnification**

Section 1 – The organization shall indemnify any agent of the organization including \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (*Directors, Officers, Staff, and/or Volunteers*) who was or is a party, or is threatened to be made a party to any proceeding, administrative or investigative, as such a person was or is an authorized representative of the organization. This indemnification against expenses, judgments, fines, and amount paid in settlements actually or reasonably incurred by such a representative of the organization is contingent upon the determination that such person acted in good faith and in a manner he/she believed to be in, or not opposed to, the best interests of the organization. With respect

to any criminal proceeding, indemnified persons shall have had no cause to believe that their conduct was unlawful.

Section 2 – To satisfy indemnification obligations the organization may maintain insurance, obtain a letter of credit, act as a self-insurer, create a reserve trust, cash collateral, enter into indemnification agreements, or use any other arrangement whatsoever in such amounts, at such costs, and upon other terms and conditions that the Board shall deem appropriate. *(If your organization has Directors' & Officers' Liability Insurance this should be noted, or state that covered agents under this policy have been informed of the organization's indemnification policy and what it covers.)*

Section 3 – This indemnification shall be made only if the organization shall be advised by its Board of Directors acting (1) by a quorum consisting of directors who are not parties to such action or proceeding upon a finding that, or (2) if a quorum under is not obtainable with due diligence, upon the opinion in writing of legal counsel that, the director or officer has met the foregoing applicable standard of conduct. If the foregoing determination is to be made by the Board of Directors, it may rely as to all questions of law, on the advice of independent legal counsel.

#### **Article 8 – Amendments**

Section 1 – These By-laws may be amended when deemed necessary by a \_\_\_\_\_ (3/4 , 2/3, 1/2) majority vote of the Board of Directors. Proposed amendments must be submitted to \_\_\_\_\_ (Secretary, Board Chair) and sent along with regular board meeting notices.

#### **Additional Provisions.**

*(Some organizations chose to include the IRS required language for 501(c)(3) charitable tax exempt organizations in their bylaws. These paragraphs must be in your organizing documents, typically the Articles of Incorporation, and are repeated here so they are remembered. )*

a. Upon the dissolution of \_\_\_\_\_, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for public purpose.

b. \_\_\_\_\_ is organized exclusively for charitable, religious, educational, and/or scientific purposes under section 501(c)(3) of the Internal Revenue Code. No part of the net earnings shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause hereof.

c. No substantial part of the activities of \_\_\_\_\_ shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

d. Notwithstanding any other provision of this document, the organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or corresponding section of any future federal tax code.

### **Conflict of Interest**

*(Some organizations chose to include a conflict of interest policy in their bylaws. Other organizations create a separate Conflict of Interest policy.)*

Section 1 – Whenever a director or officer has a financial or personal interest in any matter coming before the board of directors, the affected person shall a) fully disclose the nature of the interest and b) withdraw from discussion, lobbying, and voting on the matter. Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of disinterested directors determine that it is in the best interest of the corporation to do so. The minutes of meetings at which such votes are taken shall record such disclosure, abstention and rationale for approval.

# State Requirements

Excerpt from *The IRS and Your Homeschool Organization* by Carol Topp, CPA

A nonprofit organization often has reporting obligations to their state as well as the federal government. At the state level your organization may work with several state agencies including:

- Secretary of State for nonprofit incorporation and name registration
- Attorney General for charity registration
- Department of Revenue for tax exemption

Nonprofit attorneys Hurwit Associates list the filing requirement for nonprofit organizations for each state on their website at <http://www.hurwitassociates.com/> I recommend you print out the filing requirements for your state and store it in this manual's binder.

## **Secretary of State's Office**

If your organization applied to be a nonprofit corporation, it is usually through the Secretary of State's Office. Additionally, name registrations are filed with the Secretary of State. They act as a record keeper and want to know who is doing business in their state under an assumed name.

Some states require nonprofit organizations annually renew their corporate status. Failure to renew annually may result in dissolution of your corporation, fines and more paperwork. Other states only require renewal every 2 years or 5 years. The due dates vary. Some states have one due date for all corporations, while others use the anniversary month of your organization's incorporation date.

The fees for an annual report can vary. Some states charge no fee, some charge a set fee and others charge a fee based on your organization's annual revenues.

For details, do an internet search on "Corporate annual report" for your state or visit your state's Secretary of State website.

## **Attorney General's Office**

The state Attorney General's office protects the citizens of the state from crooks and thieves, especially those passing themselves off as nonprofit charities. For this reason, many states require nonprofit organizations to register with their state, especially if they conduct fund raising or solicit donations from the public.

Some states want to know if your group is soliciting donations, even if you are not a 501(c)(3) organization. They usually call this notification a Charity Registration. It is usually done through the Attorney General's Office. The Charity Registration form can be simple or rather complex. It

usually requests board members' names, dates of the fund raiser, information on how the funds are raised, details on how the funds will be used, and a financial statement every year.

Several states offer exemptions to small nonprofits, so search your state's website for these exemptions from filing annual reports.

### **State Department of Revenue**

The state also wants to know if a business exists so it can collect taxes. Many states will exempt nonprofits from state income tax if they have IRS 501c tax exempt status. Sometimes it requires another application, but most states recognize federal tax exemption automatically. Your nonprofit may apply for state tax exemption through the Department of Revenue or through the Secretary of State.

Most states also allow nonprofit organizations to be exempt from sales tax on their purchases. Sales tax exemption is frequently granted through the Department of Revenue. There is usually a form to fill out requesting sales tax exemption on purchases you make related to your exempt purpose.

Note that sales tax exemption does not apply to items you sell. If you are selling books or products to your homeschool members, you may have to collect sales tax from them and remit it to your state. Contact your state department of revenue or research sales tax using their website. Each state is different and some allow nonprofits to sell products for a limited number of days without collecting sales tax.

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Carol Topp, CPA can research your state's requirements and compose a letter explaining what you should do for filing in your state. Email Carol at [Carol@HomeschoolCPA.com](mailto:Carol@HomeschoolCPA.com) if you desire this service.

# Board Meeting Topic List

Compiled by Carol Topp, CPA HomeschoolCPA.com

Your homeschool board has a lot to discuss. How can you find the time to cover important topics? Make a plan to cover one topic a month. Here's a list of important topics your board should discuss every year.

1. Welcome new board members and give them a history of your organization, its purpose, an understanding of their duties, and a board binder. Read over the bylaws and review your mission and purpose statement.
2. Discuss new programs and activities.
3. Decide on discounts and appreciation gifts for volunteers.
4. Go over best practices to avoid fraud. Implement changes as needed.
5. Discuss [fundraising techniques](#).
6. Authorize [committees](#), recruit members and delegate duties to them.
7. Review your [conflict resolution policy](#). How do you solve conflicts? Read *The Peacemaker* by Ken Sande.
8. Review your risk areas, safety policies and [insurance coverage](#). Create a child protection policy. Discuss signs of abuse and mandatory-reporting requirements. Read HSLDA's article at in Additional Information
9. Evaluate any paid workers, independent contractor agreements, and employment practices.
10. Recruit, nominate and elect new board members.
11. [Set a budget](#) near the end of the year for the next year.
12. One month after the end of your fiscal year file [IRS form 990/990-EZ or 990-N](#) and any state forms. Have your board review the form before submitting. Carol Topp, CPA can explain how to read and understand financial statements and your IRS Form 990/990-EZ via phone or video conference. Contact her at [Carol@HomeschoolCPA.com](mailto:Carol@HomeschoolCPA.com)

# Compensation and Benefits for Board Members

Excerpt from *Paying Workers in a Homeschool Organization* by Carol Topp, CPA

Board members of a homeschool group are hard-working people. They not only homeschool their own children, but they organize support groups and co-ops to help other homeschool families. Sometimes a homeschool group would like to reward these generous individuals, but paying board members presents a unique challenge.

## Is It Allowable to Compensate Board Members?

The short answer is yes; a nonprofit homeschool organization can pay its board members. The longer answer is that while allowable, it is very complex and not typical for nonprofit board members to be paid for their service on the board.

- Paying board members can call into question the duty of loyalty of the board member. A board member of a nonprofit has a duty of loyalty to the organization. That means in her role as board member, she puts the organization first in her loyalty.
- Payments to board members can create a conflict of interest. Is the leader influenced by her personal financial gain or is she considering the best interests of the group?
- Payment could compromise the leader's duty of care. A leader should act in good faith, with the care an ordinary, prudent person would exercise and with the best interest of the group in mind.
- Payments on nonprofit boards is not a typical practice. Charities do not usually compensate their board members. Their funds usually go back into the program. Board members serve because they have a passion for the mission and a concern for the members.
- Board payments can undermine the volunteer spirit of other members. Why should a member volunteer her time when others are paid for their efforts?
- Paying board members can cause dissension and a sense of injustice or imbalance in the group.
- Payments to board members should have member approval. Nonprofit boards cannot vote themselves compensation (more on that below)

## What Counts as Compensation?

Here is the IRS definition of compensation:

compensation includes salary or wages, deferred compensation, retirement benefits..., fringe benefits (personal vehicle, meals, lodging, **personal and family educational benefits**, low interest loans, payment of personal travel, entertainment, or other

expenses, athletic or country club membership, and personal use of your property), and bonuses.<sup>1</sup> (emphasis added.)

**If your homeschool pays any amount of wages, educational benefits (that includes tuition discounts or fee waivers), or personal expenses to board members, it is taxable compensation.**

If the board member is an officer (chair, vice chair, secretary, or treasurer) he or she must be paid as *employees*. Other board members who are not officers can be paid as independent contractors and given a Form 1099-MISC.

Did you catch that? If officers are compensated, the IRS laws<sup>2</sup> say they must be paid as *employees*. That means creating paychecks, paying payroll taxes (Social Security and Medicare), preparing W-2s and quarterly filings with the IRS and your state, and may mean unemployment and workers compensation taxes too.

Does your homeschool group really want to deal with payroll? It can become an excessive burden on a treasurer or expensive if your organization hires a bookkeeper or payroll service. If you do choose to compensate your board members, I highly recommend using a payroll service.

**The Board Cannot Vote Itself Compensation or Benefits**

For a board to vote itself compensation or benefits is a clear conflict of interest. Additionally, the board giving itself compensation is what the IRS calls private inurement (meaning the revenues of the organization go to the benefit of individuals, especially “insiders” or leaders). Any amount of private inurement can cause a nonprofit to lose its tax-exempt status. *It’s that serious.*

Instead, the board should have put a vote to the membership, if your bylaws allow for members with voting rights. The bylaws may need to be amended to allow for a membership vote on board compensation.

Or the board could appoint an independent committee to determine their wages and benefits. This committee could make a recommendation to the full board on the level of compensation or benefits. Naturally, they would have to stay within the budget approved by the board. The board would vote to adopt the committee’s recommendation. Obviously, any board members receiving compensation or benefits can have no vote. They should not even be in the room when it is discussed.

A good Conflict of Interest policy should be created and followed. You can find sample Conflict of Interest policies at [HomeschoolCPA.com/Samples](http://HomeschoolCPA.com/Samples).

The board should set up a payroll system to pay the officers as employees and the other board members as independent contractors. Or better yet, the board should not seek compensation at all. A bookkeeper could be hired to do some of the work the treasurer is doing. The president should create policies or appoint other board members to handle day-to-day problems, so she is not carrying the burden alone.

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<sup>1</sup> Instructions for Form 1023 [www.irs.gov/instructions/i1023/ch02.html#d0e1909](http://www.irs.gov/instructions/i1023/ch02.html#d0e1909)

<sup>2</sup> “Exempt Organizations: Compensation of Officers”  
[www.irs.gov/charities-non-profits/exempt-organizations-compensation-of-officers](http://www.irs.gov/charities-non-profits/exempt-organizations-compensation-of-officers)

## Keep Compensation and Benefits Insignificant

IRS Publication 3079 explains that insignificant compensation to volunteers is not taxable income. So, if a homeschool organization gives an *insignificant* monetary benefit to its volunteer board members, it is not taxable income. The IRS does not define insignificant in dollar amounts, but says this:

*On the other hand, a worker who receives merely insignificant monetary or non-monetary benefits is considered a volunteer, not a compensated worker.*

*Determining whether a benefit is insignificant requires consideration not only of the value of the benefit but also:*

- The quantity and quality of the work performed;*
- The cost to the organization of providing the benefit; and*
- The connection between the benefit received and the performance of services.*<sup>3</sup>

In summary, here's my advice about compensation and benefits to board members:

- Keep your fee waivers to board members small and insignificant. The IRS does state that insignificant benefits to volunteers is not taxable income. Carol Topp, CPA can help you determine if your fee waivers or discounts are "insignificant" according to the IRS definition. Contact her at [HomeschoolCPA.com/Contact](http://HomeschoolCPA.com/Contact).
- Consider showing appreciation with noncash gifts such as food, chocolate, or flowers. Buy resources to make their jobs easier including helpful books, hiring a payroll company (your treasurer will love it!), accounting software, etc.
- Have the amount of fee waivers decided by a separate, independent committee or put it to the vote of the full membership. ***The board should not vote themselves a fee waiver.*** It's a conflict of interest.
- Add a provision to your bylaws allowing small, insignificant benefits to board members or other volunteers. The full membership or board members not receiving the benefit should vote to amend the bylaws. Consider adding a cap or maximum amount of benefit per board member.

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<sup>3</sup> IRS Publication 3079 *Tax-exempt Organizations and Gaming*, "Volunteer Labor." [www.irs.gov/pub/irs-pdf/p3079.pdf](http://www.irs.gov/pub/irs-pdf/p3079.pdf)

# Best Financial Practices

Excerpt from *Money Management in a Homeschool Organization* by Carol Topp, CPA

Homeschool organizations should put into place several financial practices that will provide oversight and accountability of the organization's finances.

Check the boxes for any practices you already follow. Make a plan to add in any practices that you do not currently practice. Your board should be sure the policies are put into practice.

## Separation of Duties

- The treasurer should get authorization before paying a bill or writing a check.
- The treasurer should not sign checks. Another board member (usually the chairman) approves the payment and then signs the check.
- The treasurer should not reconcile the bank account. Another board member or volunteer should do the bank reconciliation. This can be very inconvenient if your organization uses software that is located on a home computer. In those cases, the bank statements should be mailed to someone other than the treasurer. The treasurer can do the bank reconciliation and give a reconciliation report to the board on a monthly basis.
- Have bank statements mailed to the home address of a board member other than the treasurer. He or she reviews the bank statement, initials and dates it and then gives it to the board member or volunteer doing the bank reconciliation.
- Cash deposits should be prepared by one person and verified by another person; both should initial the deposit slip. All deposits should receive a stamped deposit confirmation, which is used to reconcile the checking account.
- If payments are received by mail, two people should open the mail. A cash receipt should be prepared and given to the payer. A copy of the receipt should be kept by the organization. A sales receipt book with duplicates is a good idea.
- A treasurer should not serve too many years without a break. I recommend a treasurer serve at most three years and then a new treasurer should be found.

## Monthly Bank Reconciliation

- The treasurer should not reconcile bank account. Another board member, volunteer or hired bookkeeper should do the bank reconciliation.

- Bank statements should be mailed to a home address of someone other than the treasurer and checked by a board member other than the treasurer.
- A bank reconciliation report should be prepared and given to the board monthly.

### **Financial Reporting to Board**

- Financial reports, such as a Profit and Loss statement (Statement of Activities), Budget to Actual statement, bank reconciliation report, and a Balance Sheet (Statement of Financial Position), should be delivered to the board by the treasurer every month.

### **Annual Budget**

- The board should approve a budget every year.
- The treasurer should give a report comparing the budget to actual income and expenses to the board on a regular basis, perhaps monthly.
- The chairman or full board should authorize spending outside or beyond the budget.

### **Cash and Checks**

- Checks should be pre-numbered, used in order, and kept safe and secured.
- Checks should be prepared by someone other than the person who approves payments. The treasurer may prepare the checks, but the Chair approves them and signs them.
- Checks should be prepared from original invoices/bills or reimbursement requests with copies of receipts attached. In other words, the treasurer should request paper receipts before making a payment for reimbursement.
- The board should authorize all check signers annually.
- Never allow signing of blank checks.
- Checks should be stamped "For Deposit Only" by the person opening the mail.
- Checks and cash should be deposited as soon as possible; the same day as received, if possible.
- A log of payments received should be kept including the date, payer, purpose and amount.

Some of these suggestions are difficult to implement in a small homeschool group so try to comply with as many of the recommendations as possible. The goal should be to separate duties and cross check responsibilities as much as possible.

# Creating a Reimbursement Policy

Excerpt from *Money Management in a Homeschool Organization* by Carol Topp, CPA

From the Internal Revenue Service and commonly accepted accounting practices, come these recommended reimbursement policy practices:

- Expenses submitted for reimbursement should be substantiated with receipts.
- Have all reimbursements approved by a board member other than the treasurer who is writing the check, usually the chairman. Two sets of eyes on the money are better than one!
- Reimbursements should be requested in a reasonable amount of time such as one to two months after the purchase.
- Reimbursements should be made only for items in the budget and related to the homeschool group's programs.

Q: What should we do if a volunteer doesn't have a receipt or lost her receipt?

A: Ask for some proof that the supplies were purchased such as the physical book or product. Or ask to see her bank statement or credit card statement showing the charge.

Q: My co-op reimburses for copies made at home, so there is no receipt. What should we do?

A: Your co-op can set a policy of reimbursing a set amount of cents per page. Ask your volunteers to turn in a reimbursement form listing number of pages they printed at home and the total amount requested for reimbursement.

# Sample Reimbursement Form

This sample reimbursement has all of the essential components including a reminder to attach receipts. You can create your own version in Excel or go to [HomeschoolCPA.com/Samples](http://HomeschoolCPA.com/Samples) to download this template.

Homeschool Group Reimbursement Form			
Please make check payable to:			
Name:	<input type="text"/>		
Address:	<input type="text"/>		
Please submit this form and receipts within 30 days of incurring the expense.			
Date	Expense	Class/Group/Program	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total:			<input type="text"/>
Please attach receipts			
Copies made at your home will be reimbursed up to \$.05/page			
Approved:	<input type="text"/>		
Date Reimbursement issued	<input type="text"/>		
Check Number:	<input type="text"/>		

# How to Read and Understand Financial Statements

Excerpt from *Money Management in a Homeschool Organization* by Carol Topp, CPA

The two financial statements, the Statement of Revenues and Expenses and the Statement of Financial Position, should be prepared by your treasurer and delivered regularly to your board.

Here's some help in understanding what you are reading.

When your board looks at the Statement of Revenues and Expenses, they should pay attention to the following:

- Fundraising expenses compared to fundraising revenues. Did the fundraiser bring in enough money to cover the expenses and make it worth the effort?
- Amount paid to employees or independent contractors. Was it too much? Should you depend more on volunteers? How can we encourage volunteers?
- Amount paid for rent and utilities. Can we get free rent? Will the rent increase?
- Special events. Were the events supposed to bring in extra income or just cover their own costs? How did each do financially?
- Actual expenses vs. budget. Where did we overspend? Why? Did we overspend or under-budget?
- Percent of income coming from fundraising. A good rule of thumb is that fundraising revenues be less than 25% of total revenues. The rule of thumb is to encourage nonprofits to focus on their programs, not fundraising.
- Percent of expenses spent on administration. A good rule of thumb is that administrative costs should stay under 50% of total expenses. Administration costs include office expenses, professional fees, postage, salary paid to an administrator, etc. Administration costs are anything not directly related to running your programs or fundraising. This rule of thumb percentage can vary greatly. If all your labor is volunteer and you have no paid staff your administrative expense will probably be less than 50% of your total expenses.

When your board looks at the Statement of Financial Position (Balance Sheet) they should pay attention to the following:

- Is there enough in cash to cover the expenses for the next few months?
- Is there a cash surplus at the end of the year? What should your group do with it? You might consider reserving money for emergencies, insurance deductibles, planned

expansions, or new programs. My co-op carried over money each year to cover our insurance deductibles. We also liked to make a gift to the church that gave us space rent free.

- Are there any liabilities? Does your group owe anyone? Why? Strive to pay off debts as soon as possible.

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Carol Topp, CPA offers to meet with your board via phone, Skype or a webinar service to explain how to read and understand your financial statements. The discussions is tailored for your organization. Many boards find this very helpful. Contact Carol at [Carol@HomeschoolCPA.com](mailto:Carol@HomeschoolCPA.com) if you are interested in this service.

# Sample Financial Statements

These statements are examples of the two common financial statements typically presented to a nonprofit board.

This Statement of Revenues and Expenses shows the board the sources and amounts of revenues and the expenses for a period of time, typically from the start of your program year.

Statement of Revenue and Expenses		
		Sept-Dec 20xx
Revenue		
Contributions		\$250.00
Program Revenue		\$10,000.00
Membership Dues		\$1,000.00
Interest Income		\$5.00
Sale of Assets		\$-
Special Events		\$1,200.00
Sale of Inventory		\$-
Fund raisers		\$-
Total Revenue		\$12,455.00
Expenses		
Salaries to employees		\$4,000.00
Payroll Taxes		\$600.00
Professional Fees		\$250.00
Rent and Utilities		\$1,000.00
Printing & Postage		\$35.00
Office Expense		\$225.00
Independent Contractor Payments		\$5,000.00
Insurance		\$450.00
Supplies		\$230.00
Website hosting		\$55.00
Total Expenses		\$11,845.00
Net Income		\$610.00

The other statement, the Statement of Financial Position, also known as the Balance Sheet shows the board how much the organization owns (assets) and how much the organization owes (liabilities) on a particular date (usually the end of the prior month). It is like a snapshot at a point in time.

<b>Statement of Financial Position (better known as a Balance Sheet)</b>			
Date Prepared: July 1, 20xx			
<b>Assets</b>			
	Cash		\$100.00
	Checking Account		\$4,000.00
	Savings Account		\$500.00
	Other Assets		
	Equipment		\$500.00
	<b>Total Assets</b>		<b>\$5,100.00</b>
<b>Liabilities</b>			
	Accounts Payable		
	Deferred revenue		\$2,000.00
	<b>Total Liabilities</b>		<b>\$2,000.00</b>
	<b>Balance (Assets-Liabilities)</b>		<b>\$3,100.00</b>

Many boards like to see the Statement of Revenues and Expenses compared to the budget like this:

<b>Comparison Actual to Budget</b>		Sept-Dec 20xx		
		<b>Actual</b>	<b>Budget</b>	<b>Difference</b>
<b>Revenue</b>				
	Contributions	\$250.00	\$200.00	\$50.00
	Program Revenue	\$10,000.00	\$11,000.00	\$(1,000.00)
	Membership Dues	\$1,000.00	\$1,000.00	\$-
	Interest Income	\$5.00	\$-	\$5.00
	Sale of Assets	\$-	\$-	\$-
	Special Events	\$1,200.00	\$1,000.00	\$200.00
	Sale of Inventory	\$-	\$-	\$-
	Fund raisers	\$-	\$-	\$-
	<b>Total Revenue</b>	<b>\$12,455.00</b>	<b>\$13,200.00</b>	<b>\$(745.00)</b>
				\$-
<b>Expenses</b>				
	Salaries to employees	\$4,000.00	\$4,200.00	\$200.00
	Payroll Taxes	\$600.00	\$630.00	\$30.00
	Professional Fees	\$250.00	\$250.00	\$-
	Rent and Utilities	\$1,000.00	\$1,000.00	\$-
	Printing & Postage	\$35.00	\$100.00	\$65.00
	Office Expense	\$225.00	\$250.00	\$25.00
	Indpt Ctr Payments	\$5,000.00	\$5,000.00	\$-
	Insurance	\$450.00	\$410.00	\$(40.00)
	Supplies	\$230.00	\$250.00	\$20.00
	Website hosting	\$55.00	\$55.00	\$-
	<b>Total Expenses</b>	<b>\$11,845.00</b>	<b>\$12,145.00</b>	<b>\$300.00</b>
				\$-
	<b>Net Income</b>	<b>\$610.00</b>	<b>\$1,055.00</b>	<b>\$445.00</b>

This comparison of Actual Revenues and Expenses to Budget helps the board know if they have overspent or if they may run into cash flow problems for not meeting their revenue goals. It is very helpful in planning and making corrections during the year.

# Developing a Child Protection Policy

by Darren Jones HSLDA Staff Attorney

As homeschool support groups and co-ops grow, new challenges always arise. These challenges point to a need for new policies to help groups adapt to their new situations. (See HSLDA's advice on [three key people for growing groups](#).) One policy that growing support groups and all larger organizations should adopt is a child protection policy: a plan for preventing the abuse of children under the group's care and for responding correctly if sexual abuse or other mistreatment occurs within the context of group activities.

When a group still consists of a few families getting together on an informal basis, with parents supervising their own children, child abuse prevention probably isn't at the top of everyone's mind. But as groups get larger and start caring for more students, it's vital to consider how best to keep the children safe. For example, many homeschool organizations provide childcare at their annual conferences, and a child protection policy is crucial in this case.

Having an official child abuse prevention policy lets people know you take the issue of protecting children seriously. Your group's policy might include rules about physical touch, social media, photography, infants, special needs, medications, adult/child ratios, and transportation. Like your group's statement of purpose, this policy isn't a secret document; it should be made available to anyone who wants to see it. Some groups post their policies on their websites, while others include them in their packets for new members.

A child protection policy should deal with at least the following areas.

**Coverage.** Once adopted, to whom does the policy apply? It could apply to all parents in the group, only the paid staff and/or volunteers, only the teachers, or any combination. It could apply to just those who work with infants or toddlers, or it could also apply to the ones who meet with teens and children. There are some states that require certain checks to be done on paid or volunteer staff who work with children other than their own, so make sure that you refer to your state's law as you develop your policy.

**Screening.** Does your group require background checks, fingerprinting, checking the state or local sex offender registry, references, or interviews? All of these screening measures require time (and sometimes money), so make sure that your organization has the resources to follow through with your policy's requirements.

**Training.** Who is responsible for initial and follow-up training? Often large churches will open their training sessions to outside organizations—look for one in your local area. There are also a number of online training courses, [including a brief one](#) from the Boy Scouts of America.

**Implementing.** Who monitors the group's programs to ensure that rules are followed? There should be at least one specific person designated to make sure that once the policy is adopted, people know about it and actually follow it. This person should be given sufficient authority to enforce the policy's provisions.

**Reporting.** Each state has a different law defining child abuse and neglect, and as part of this law, each state defines which people are required to report abuse. In quite a few states, childcare workers and teachers are required to report to either the police or child protective services if they have reason to suspect child abuse, so it is possible that some people in your group may be mandatory reporters. For information about your state's law, you can [contact HSLDA](#). You may also want to [look at the information here](#).

For more information about developing a child protection policy for your group, feel free to [contact HSLDA](#). Our website contains advice about these issues here:

- [Addressing Child Abuse](#)
- [The Safety Principles: Defending Children from Sexual Abuse](#)

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# About the Author



Carol L. Topp, CPA, is an accountant and a retired homeschooling mother. She earned her Bachelor of Science degree from Purdue University and passed the Certified Public Accountant (CPA) examination in 2000. Carol began homeschooling her two daughters when they started first grade. They are now homeschool high school and college graduates.

As an accountant, Carol has served on several not-for-profit boards. She has consulted with leaders from over 300 homeschool organizations and helped more than 90 organizations obtain 501(c) tax-exempt status. In 2006, Carol launched her website [www.HomeschoolCPA.com](http://www.HomeschoolCPA.com) to help homeschool organizations lead successful groups. It was voted a Top Accounting Blog in 2015, 2016 and 2017.

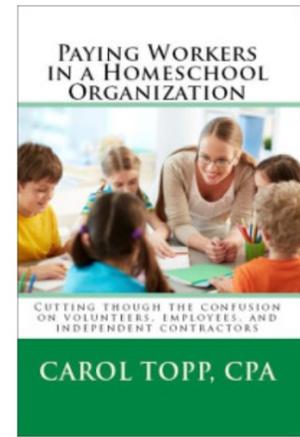
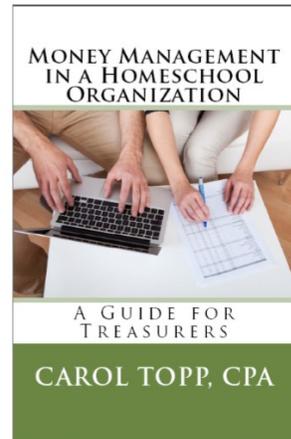
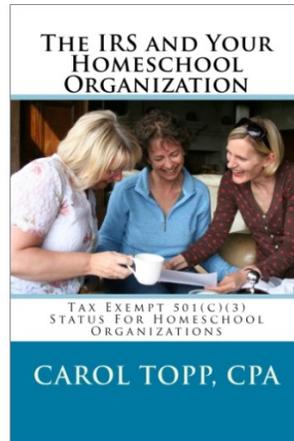
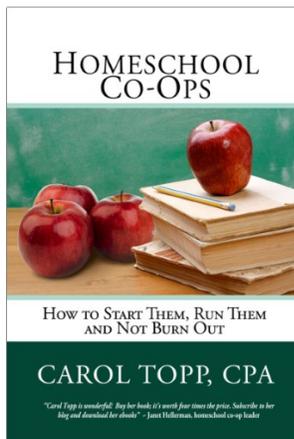
She is the author of *Homeschool Co-ops: How to Start Them, Run Them and Not Burn Out*, *The IRS and Your Homeschool Organization*, *Money Management in a Homeschool Organization: A Guide for Treasurers* and *Paying Workers in a Homeschool Organization*.

Carol's publications include numerous articles, podcasts, and webinars about operating a homeschool organization. Her articles have appeared in *The Old Schoolhouse*, *Home Education* and *Home School Enrichment* magazines. In addition, Carol has enjoyed conducting workshops for homeschool leaders at conventions across the country.

Carol lives with her husband in Cincinnati, Ohio, where she enjoys reading, painting, traveling, and helping homeschool leaders.

Carol can be contacted through her website [www.HomeschoolCPA.com](http://www.HomeschoolCPA.com).

# Resources



If you found this *Homeschool Board Member Manual* helpful, visit [HomeschoolCPA.com](http://HomeschoolCPA.com) for other books by Carol Topp, CPA including:

*Homeschool Co-ops: How to Start Them, Run Them and Not Burn Out*

*The IRS and Your Homeschool Organization*

*Money Management in a Homeschool Organization: A Guide for Treasurers*

*Paying Workers in a Homeschool Organization*

Visit **[HomeschoolCPA.com](http://HomeschoolCPA.com)** for more information on starting a running a homeschool organization.