


## Fundamentals of Financial Management for Homeschool Organizations


Part 1

**HF** HERZOG FOUNDATION

**Carol Topp, CPA**

- Founder of HomeschoolCPA.com
- Author of 15 books
- Homeschooled 14 years
- Treasurer or board member for 9 organizations

Website: 

Facebook group: 



### AGENDA

#### Part 1

- Funding Sources
- Budgeting
- Financial Reports

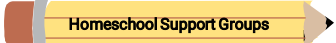

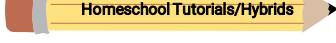
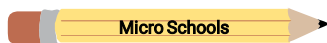

#### Part 2

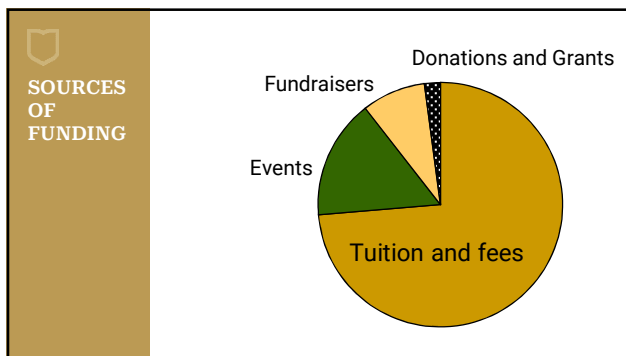
- Financial Practices
- Preventing Fraud
- IRS and State Reporting

### ASSUMPTION: NONPROFIT ORGANIZATION

For Profit	Nonprofit
<ul style="list-style-type: none"> <li>Owner</li> <li>Owner controlled</li> <li>Profit-motivated</li> <li>Hires workers</li> <li>Taxes</li> </ul>	<ul style="list-style-type: none"> <li>No owner</li> <li>Board controlled</li> <li>Exempt purpose</li> <li>Hires Exec Director and can use volunteers</li> <li>Can be tax exempt</li> </ul>

### TYPES OF HOME-SCHOOL GROUPS

	Homeschool Support Groups	Primarily parent directed. Not usually more than 2 or 3 days/week
	Homeschool Co-ops	
	Homeschool Tutorials/Hybrids	
Fulfill compulsory attendance requirements. Typically 5 days per week.		Micro Schools
		Public or Private School



### REGISTRATION FEES

**Purpose**

- o Family commitment
- o Early source of revenue
- o Not refundable

### SETTING TUITION

- Must cover **variable and fixed expenses**
  - o Variable: Supplies
  - o Fixed: Rent, legal and accounting, website
  - o Quasi-fixed: Staffing
- **Teacher compensation** is largest driver of tuition
  - o Rent and insurance a close second

### SETTING TUITION

- **Problem: Uncertainty**
  - o Enrollment
  - o Staff size/Compensation
- **Solution:** Create several scenarios with variations in enrollment, compensation, etc.
- **Warning:** Founder/ED not taking a salary = death of the program

### TUITION DISCOUNTS

- **Avoid sibling discounts**
  - o Younger siblings costs the same (or more)
- **Avoid 100% discount**
  - o Everyone should have some financial investment


**TUITION DISCOUNTS**

- Offer financial assistance based on **significant need**
  - Use fundraisers for a benevolent program
- Consider 3rd party service to determine financial assistance like Factsmgt.com




**EVENT INCOME**

- Usually in and out but still **must track both** (ex: field trips)
  - Do not mix income and expenses in same line item. It understates both income or expenses
- Get event fees in advance
  - People will no show without some investment




**FUND-RAISERS**

- *Easy Fundraisers* article on HomeschoolCPA.com
- Be aware of state **Charitable Solicitation Reporting** (end of Part 2)




**FUND-RAISERS**

- **Avoid Individual Fundraiser Accounts (IFAs)** (more in Part 2)
- Do not expect fundraisers to cover the **gap in program expenses**
  - Best used to build a reserve, benevolent fund or extras



**DONATIONS**

- **Greatly under used by homeschool groups!**
  - Assumption of poverty
  - But some families can afford to donate!
- Set clear expectations at enrollment



**SET CLEAR EXPECTATIONS**

“ Your tuition is not the only financial expectation we have for our families ”

**DONATIONS**

I hope you are able to participate in this year's donation drive

- **Ask!**
  - Annual letter and email
  - In person ask
- **Events**
  - Galas, auctions once a year
- **Build a donor database**
  - Don't forget alumni and grandparents

**GRANTS**

- **Don't ignore small grants**
  - Blog post at HomeschoolCPA.com
- **Usually require 501c3 status and IRS letter**
- **Vela grants are now very selective**

**QUESTIONS**

**BUDGETING**

**Free webinar**      *Money Management book*

**FINANCIAL REPORTS FOR HOMESCHOOL GROUPS**  
FREE  
A free webinar for homeschool treasurers  
HomeschoolCPA.com/WebinarFR

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

**Income**

Only 4 categories!

1. Donations
2. Program Income
3. Fundraiser Income
4. Interest/Other Income

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

**Expenses**

Only 4 categories!

1. Program Expenses
2. General & Admin Expenses
3. Fundraiser Expense
4. Other Expenses

Expenses	
Program Expenses	
Co-op Expenses	
Classroom Expenses	
Payroll Expenses	
Rent	
Event Expenses	
Field Trip Expense	
General & Admin Expenses	
Bank fees	
Board Development	
Meetings & Convention	
Insurance	
Office Supplies	
Printing and Copying	
Postage,email Service	
Professional Fees	
Website Expense	
Fundraiser Expense	

**CHART OF ACCOUNTS TIPS**

**Use generic categories (IRS/standard nonprofit categories)**

Use subcategories/subaccounts

**Use clear names**

*Never* have a category called "Reimbursements"

**BUDGETS**

- **Look at your history**
  - For income be conservative
  - For expenses be liberal
- **Allow for a surplus**
  - For emergencies, insurance deductible
  - Recommend at least 10% of your expenses; 25% in early years.

“ Just because it’s in the budget doesn’t mean it’s in the checkbook!  
 ~ Carol Topp, HomeschoolCPA ”

**A BEAUTIFUL BUDGET**

Fiscal Year July 1 - June 30

	2022-2023	2023-2024	2024-2025
<b>INCOME</b>			
Program Income-Tuition and Fees	31,000.00	34,100.00	37,510.00
Donations	2,000.00	500.00	550.00
<b>Total Income</b>	<b>33,000.00</b>	<b>34,600.00</b>	<b>38,060.00</b>
<b>EXPENSE</b>			
Program Expenses			
Payroll Expenses (Salaries, Payroll Taxes)	13,500.00	14,850.00	16,335.00
Rent	11,000.00	12,100.00	13,310.00
Classroom Expenses	2,200.00	2,420.00	2,662.00
<b>Total Program Expenses</b>	<b>26,700.00</b>	<b>29,370.00</b>	<b>32,307.00</b>
General and Admin Expenses			
Insurance	1,200.00	1,320.00	1,452.00
Office Supplies/Misc	1,000.00	1,100.00	1,210.00
Professional Fees (Legal, Accounting)	800.00	880.00	968.00
Building Maintenance Expenses	500.00	550.00	605.00
<b>Total General and Admin Expenses</b>	<b>3,500.00</b>	<b>3,850.00</b>	<b>4,235.00</b>
<b>Total Expense</b>	<b>30,200.00</b>	<b>33,220.00</b>	<b>36,542.00</b>
<b>Net Surplus</b>	<b>2,800.00</b>	<b>1,380.00</b>	<b>1,518.00</b>

**REGULAR BUDGET REPORTS**

- **Year to year comparisons**
- **Actual to budget comparison**
  - Year to date
  - Full year



**PROFIT AND LOSS**

Better called *Income and Expenses* or *Statement of Activities*

Income	
Donations	
Amazon Smile, BoxTops	52.34
Individ Contributions	100.00
<b>Total Donations</b>	<b>152.34</b>
Program Income	
Membership Dues	1,000.00
Co-op Income	
Co-op Fees	13,000.00
Fee Discount	-250.00
Class/Supply fees	3,000.00
<b>Total Co-op Income</b>	<b>15,750.00</b>
Event Income	460.00
Field Trip Income	250.00
<b>Total Program Income</b>	<b>17,460.00</b>
Fundraiser Income	121.00
<b>Total Income</b>	<b>17,733.34</b>

The only time you should see a negative number

Expense	
Program Expenses	
Co-op Expenses	
Classroom Expenses	375.00
Payroll Expenses	3,000.00
Rent	1,600.00
<b>Total Co-op Expenses</b>	<b>4,975.00</b>
Event Expenses	607.00
<b>Total Program Expenses</b>	<b>5,582.00</b>
General & Admin Expenses	
Bank fees	9.66
Board Development	46.00
Total Board Development	46.00
Insurance	1,200.00
Office Supplies	66.42
Website Expense	60.00
<b>Total General &amp; Admin Expenses</b>	<b>1,382.08</b>
Fundraiser Expense	92.00
<b>Total Expense</b>	<b>7,056.08</b>
<b>Net Income</b>	<b>10,677.26</b>

Add a column comparison to the budget!

**BALANCE SHEET**

Better called *Assets and Liabilities* or *Statement of Financial Position*

ASSETS: What you own	
Current Assets	
Checking/Savings	
Paypal Account	450.34
Checking Account	11,476.92
<b>Total Checking/Savings</b>	<b>11,927.26</b>
Accounts Receivable	750.00
<b>Total Current Assets</b>	<b>12,677.26</b>
<b>TOTAL ASSETS</b>	<b>12,677.26</b>
LIABILITIES: What you owe	
Current Liabilities	0.00
<b>TOTAL LIABILITIES</b>	<b>0.00</b>
EQUITY	
Equity	
Opening Balance Equity	2,000.00
Net income	10,677.26
<b>Total Equity</b>	<b>12,677.26</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>12,677.26</b>

What you are owed

**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?**

**QUESTIONS TO ASK: ASSETS AND LIABILITIES**

**Do we have enough cash to meet our future expenses?**

**Are any assets reserved?** (note in a footnote)

- o Deferred revenues (early deposits)
- o Financial cushion for emergencies
- o Insurance deductibles
- o Future plans