

Money Management for a Medium-sized Group

A medium-sized homeschool group might have from five to twenty families. Usually the group has survived its first year and is ready to continue into the future. The amount of incoming cash adds up quickly. The expenses may also add up. Increased record keeping is needed, but it must be kept simple. A medium homeschool group should:

- Open a separate checking account for non profits if they haven't already done so
- Appoint a treasurer
- Establish a budget at the start of every year.
- Establish a simple record keeping system including using a computer..

Open a Separate Checking Account

My recommendations for checking accounts include:

- Buy checks with duplicate papers. I *strongly* recommend this! I know of a homeschool group that didn't have duplicate checks. The treasurer was overwhelmed and didn't record the checks in the ledger. The group wanted to create accurate financial statements, but the treasurer didn't know where the canceled checks were kept! The bank wanted to charge \$5.00 *per check* to recreate copies from their system! Ouch! Get and use duplicate checks!
- Use checks in numerical order. Don't just rip off a check from the top of the next book. You'll never know if checks are missing or forged or lost!

- Have the bank account statements mailed to someone other than the treasurer. The director would be a good choice. That way another set of eyes is seeing what the bank account looks like every month.
- Work with a bank that allows on-line checking. It makes downloading transactions so easy. No more typing in every check or ATM transaction.
- Get a debit card but only if you have responsible people who will not mix personal and homeschool group expenses. They must also not be allowed to make purchases that are not in the budget.
- *Never* allow the treasurer to write checks to him/herself. Someone else with check signing privileges should make out the check to the treasurer.
- Reconcile the checking account *every* month. The treasurer should be required to give a reconciliation report to the Board on a regular basis.

Many medium sized homeschool groups can use their check book ledger to create their financial statements. Does the director want to know how much money came in? Just add up deposits. Does she want to know how much profit the group has, just look at the checking account balance. That's beautifully simple-if you are keep your checking account up to date! But if the Director asks questions like, "What did we spend on office supplies this year compared to last year?" you'll have to get a little more sophisticated. and do some bookkeeping.

Appoint a Treasurer

Mid-sized homeschool groups work best when the work load is shared. In a small group the director or founder frequently handles the finances. As a group grows, the financial responsibility should be shared between a treasurer and the director. There are several reasons to appoint a treasurer:

- A division of labor. Many hands make light work
- Avoid mistakes. If the treasurer makes a mistake, the director may spot it.
- Avoid fraud. We don't like to admit that it might happen, but sometimes even god fearing people embezzle money. You may have heard of the PTA or Boy Scout leader who skimmed money from the troop account for personal use. It can happen in homeschool groups also. The list of recommendations for checking accounts (above) is some protection against fraud. Appointing a treasurer is a good defense against theft. Treasurers should also serve a pre-determined term of at most three years. This brings in fresh eyes to look over the finances

Here are qualities to look for in a treasurer:

- Honesty and integrity
- Good head for numbers
- Knows how to balance a checking account
- Knows how to create a spreadsheet or
- Knows financial software like Microsoft Money or Quicken.
- Analytical and precise

- Organized

Establish a Budget

Does the word “budget” sound like the word “diet” to you? It does to many people. They see budgets as restraints, kill-joys and task masters. But a budget is really just a plan of how to allocate money before you spend it. In personal financial circles the word budget has been replaced with “spending plan”. Your homeschool group should have a plan at the start of every year. Here’s how to get started:

Start early

Ideally, your organization should prepare a budget before your program year starts. Some people think that budgets are only for tracking spending, but you must plan for income also. List all the sources of revenue you can think of (dues, class fees, fund-raisers, etc). Don’t be too optimistic. Conservative estimates will serve you best.

Predict expenses

Next try to predict expenses such as postage, copying, building use fees, supplies. Think of everything you might spend money on. On the expense side it is better to include too much rather than too little. Don't forget irregular expenses like insurance and website fees that may only come once a year.

Compare and adjust

Compare revenue to expenses and adjust until you have a balanced budget or even a small surplus as protection for the unexpected. If you cannot balance your budget, you have two choices: cut expenses or increase income. Recalculate your income with more membership dues. Try increasing dues 25% and then 50% until the budget balances.

Here is a sample budget for an organization with dues and co-op fees.

Revenue		
Contributions	\$ 25.00	A generous family made a gift
Program	\$1,000.00	10 families pay \$100 each for a co-op
Member dues	\$ 250.00	25 families pay \$10 per year
Special events		
Fund Raiser	\$ 100.00	We sold candy and the profit is \$100
Parties	\$ 50.00	10 families paid \$5 for a party
Total Revenue	\$1,425.00	
Expenses		
Salaries	\$ 200.00	We paid an art teacher to teach at the Co-op
Professional Fees	\$ 100.00	We paid a computer guy set up a web site
Rent & Utilities	\$ 500.00	We paid a church to rent space
Printing & Pubs	\$ 150.00	
Other		
Supplies	\$ 225.00	
Insurance	\$ 100.00	Accident insurance
Events	\$ 100.00	The party cost money
Total Expenses	\$1,375.00	