

Financial Management

Introduction

Even though the local program relies primarily on volunteer help, it will need some financial resources for program operation. The organization should establish a budget, raise funds, manage reimbursements, and keep accurate accounting records. An audit may be required by some funders.

Budget—sample expenses

- expenses for program management
These may include postage, phone calls, stationery, scrapbooks, receipt books, ledgers, officer's notebooks, newsletter/brochure production, office space, utilities, furniture, answering machine, fax machine, copy machine, office supplies, awareness materials, fundraising materials, computers, software, and internet access.
- expenses for tutor training
These may include fees for training sites, published tutor resource books, photocopying of handouts, \$50-\$75 honorarium for each certified trainer (agreed upon in advance), travel reimbursement (contingent on available funds, ODL may be able to provide), snacks, and miscellaneous items such as name tags, etc. Much of this expense may be recouped through a training fee. If the program recruits a local training team, a trainer honorarium may not be required.
- expenses for continuing education
These may include fees for guest speakers, scholarships for conferences, tutor and learner curriculum for persons unable to purchase their own, and supplementary books for loan as well as for sale.
- expenses for participation in outside literacy efforts
These may include fees for joining the OLC, ProLiteracy America, or other literacy groups. ProLiteracy membership entitles programs to a discount on books purchased from New Readers Press.
- other expenses
These may include salaries for a coordinator, office assistant, and staff as needed.

When the board of directors determines how much money the program will need during the year, they can plan how best to reach this funding goal.

Raising money

While most Oklahoma literacy programs are volunteer organizations, there are still operational costs. Ensuring adequate resources is a primary function of a nonprofit board. There are a number of ways to receive financial aid for literacy efforts. Local programs have written literacy grants to federal and state agencies. Others have received money from proposals written to the private sector and foundations. United Way provides funds to

several Oklahoma literacy programs. Local businesses such as Wal-Mart, Dollar General, and Hastings, are active supporters of literacy. Donations, membership dues, sales, special events, and fundraising activities also provide necessary finances. Often forgotten is in-kind support. This is the donation of time, office space, utilities, publicity, etc. often provided by local businesses, churches, civic groups, and individuals.

In addition, consider the following suggestions for fundraising

- membership dues
Programs may charge a minimum fee for yearly membership as a source of revenue.
- workshop fees
Literacy organizations should not lose money on tutor training sessions. Participants may enroll prior to trainings and pay a registration fee in advance. This will provide money to purchase the necessary materials and supplies, and will also discourage no-shows on training days. To determine an appropriate fee, you may add all costs and divide by the approximate number of persons taking the workshop, allowing a little extra in the event someone cannot afford the cost and needs a scholarship. Consider providing a free one-year program membership to new tutors.
- sale of materials
Programs may provide learner/tutor materials from the general budget or may adopt a policy that tutors and learners purchase materials. Programs affiliated with Pro Literacy America may receive discounts on book orders from New Readers Press. If the books are re-sold to the tutors/learners at the catalog price, the slight profit will cover the costs of shipping and perhaps allow for some supplementary books.
- donations
Often individuals or groups will wish to support the program. If a group asks what the literacy program needs, offer several suggestions or send them a wish list. Suggest the purchase of materials for tutors or learners who cannot afford to buy their own. Perhaps they will wish to purchase supplementary materials on health or finance. If the group has a special interest, they may wish to purchase materials on that topic. For example, a car dealership might purchase materials on buying and caring for automobiles, a grocery store might purchase materials on healthy cooking. If the program is a 501(c)3 organization, donors may deduct contributions from their taxes.
- solicitation
Literacy programs may also contact groups or individuals. It is often better to ask for a specific sum for an expenditure, rather than just to ask for help. This is a good time to ask for an in-kind donation. Could a bank mail the newsletter? Could a grocery store include the program flyer in its bags for a week? Could a club donate \$50 toward a computer? Could a church provide space for an office?
- United Way
Several volunteer literacy programs receive community funding. Check with local organizations for the proper application forms. Remember that there are generally some accountability conditions that come with this money.

- grants
From time to time, grants announced by ODL, Dollar General Stores, ProLiteracy America, etc. Apply for all of them; grant writing takes practice. Read all the directions carefully, and write specific answers for each part. Have someone unfamiliar with the program read the proposal to see if it is clear, specific, and logical. Remember to state the amount being requested, its intended use, how the program will prove that funds were spent as planned, how the program intends to continue after the grant money is gone, and how the project's success will be determined. An excellent guide for writing grant proposals and many other sources of help for nonprofit organizations can be obtained from

The Grantsmanship Center, Inc. (TGCI)

PO Box 17220

Los Angeles, CA 90017

Phone: 213-482-9860

Email: publications@tgci.com

Website: www.tgci.com

Contact TGCI to request a free catalog of publications. Especially suggested is *Program Planning & Proposal Writing, Expanded Version*.

- special events
Events often take a good deal of time so they must be balanced with the amount of money expected to be raised. If the program only wanted to raise \$100, it might be faster and easier to get 4 people each to donate \$25. Importantly, additional benefits of events are gaining publicity and involving all the volunteers in a common goal. Events that have proven successful in Oklahoma are walkathons or races; food booths at local festivals; pancake breakfasts; basket auctions; spelling bees; Scrabble tournaments; and book sales. When planning fundraising events consider purpose, goal, best time of the year, budgeting (remember some money up front will be needed to produce the event), timetable, persons needed, publicity, last minute details, clean up, thank you notes, evaluations, and filing all records for future planning. The LRO has material on event planning available from its lending library.
- sale of merchandise
Literacy programs may also raise money by selling items. Merchandise that has been sold in Oklahoma includes t-shirts, hats, pins, stationery, coffee mugs, bookmarks, and tote bags. Other ideas are calendars, pens, key chains, and notepads. Programs should collect and pay taxes on items sold.
There are many sources for promotional items. Call LRO for catalog information.

Managing funds

In order to protect literacy funds, local programs should establish a system for managing funds. Procedures will vary depending on the size of the program, amount of money, qualifications of the treasurers, and requirements of funders.

At minimum, a bank account should be established with two people, usually the president and treasurer, empowered to sign checks. No check should be issued without a claim form or invoice. Requests for payment should be submitted on a standard form and should include who is requesting payment, the amount requested, and the purpose of payment. Receipts should be attached to the invoice.

Sample Reimbursement Form

Request for Reimbursement of Payment of Invoice

Date

Name of individual or business requesting payment

Name to be written on check

Purpose of expense

Attach a copy of the receipt or invoice and submit to

Treasurer

XXX XXXXXX

XXXXXXX, OK, XXXXX

☐

I approve this request for payment.

☐

I disapprove this request for payment for the following reason

Signature of President

Date

I certify that check number _____ has been issued in payment of the above request.

Signature of Treasurer

Date

Reporting literacy program funds

- elect a treasurer who will accept responsibility for the accounting of funds; provide description of the treasurer's duties in the bylaws
- maintain an accurate, current checkbook balance
- maintain and provide current income and expense reports
- provide balance sheets to the board of directors monthly and year to date
- have an audit each year and before transferring books to a new treasurer
- prepare reports as needed for IRS, grantors, etc.
- give the treasurer's report at each board and annual meeting require accurate documentation of reimbursement procedures
- collect and report sales tax on all funds raised
- make tax payments either at the end of each month or on a one-time basis at the end of the project as required by the Oklahoma Tax Commission (OTC). Payment should be made using the Oklahoma Sales Tax Report which can be obtained from OTC.
- maintain a separate account or ledger for each grant or special designated fund
- provide proof of IRS contributions regarding employer/employee tax responsibilities
- maintain copies of final IRS reports for the end of the year showing employee and employer matching deductions for the fiscal year

NOTE: When making IRS payment for employees, the report must match the total at the end of the year. The employer must pay FICA and Medicare portions, matching the employee's portion. Contact OTC for instructions to ensure compliance with Oklahoma reporting requirements.

Information and reports may be obtained from

Oklahoma Tax Commission
PO Box 26850
Oklahoma City, OK 73126-0850
405-521-3279
www.oktax.state.ok.us

Information regarding federal taxes may be obtained by calling 800-829-4933.

In-kind support

Businesses or organizations may be willing to provide a service or supplies which are referred to as in-kind donations. Local programs should not overlook in-kind support. The value of in-kind donations should be included as an indicator of community support when applying for grants.

Examples of in-kind donations include

- photocopying
- postage
- inclusion of literacy information in bank or utility mail-outs
- inclusion of literacy information in club or business newsletters
- computers/technical service
- office space, utilities, internet⁶⁵

- bags or folders for workshops
- expertise or speakers for topics such as board development, fundraising, goal setting, motivation, computer training, etc.

Take note of changes in the business community for other kinds of donations and discounts.

When a company changes its name or ownership, ask for

- old envelopes and letterhead (the old name and address can be cut off or covered with literacy stickers)
- pencils, bags, etc.

When a company goes out of business, ask for

- office supplies, desks, chairs, filing cabinets, computers, etc. The company may be willing to donate the items or sell them at a discount.

When a company is updating or redecorating, ask for

- old carpeting
- equipment (computers, phones, etc.)
- furniture

Be sure to send supporters a thank you letter or certificate of appreciation. If appropriate, programs may feature the donation with an article and/or picture in the newsletter or newspaper.

LRO has a well developed Financial Management Section in its lending library. Please see Appendix H.