

FFA Budgeting and Fundraising

Also, the Life
Cycle of an
FFA Dollar



Key points to remember



- Public Office is a Public Trust.
- The money, equipment and buildings do not belong to you.
- There exists a heightened sense of responsibility because it is the public's funds.
- Segregation of duties is a good thing.

Why fundraisers are important

- There are (and should be) important learning experiences for students in the sales and marketing of a quality product or service.
- Schools rarely fund FFA activities beyond a very basic level. Active FFA chapters need funds to operate.

Some guiding principles on FFA fundraisers

- FFA activities should be student led, and that includes fundraisers.
 - Students should play a key role in the fundraiser. They can do this by:
 - Selecting the product(s) to sell and vendor.
 - Organizing the marketing and delivery structure.
 - Helping maintain sales records.

Some guiding principles on FFA fundraisers

- FFA advisors teach FFA members:
 - How to market the product.
 - How to close the sale.
 - How to keep records on each sale.
 - The connection between the fundraiser and the instructional program (see next slide).
 - The importance of integrity and honesty in business transactions.

Some guiding principles on FFA fundraisers

- FFA fundraisers should serve to teach students valuable skills in:
 - Marketing
 - Salesmanship
 - Recordkeeping and accounting
 - Honesty and integrity in business transactions.
 - Agricultural products and marketing.

Some guiding principles on FFA fundraisers

- FFA fundraisers that are being held merely for the sake of having funds for FFA activities should be avoided.
 - These types of activities are clearly outside the three-circle model for agricultural education, and as such are extra-curricular.
 - Students should be clearly aware that the fundraiser is an educational experience.

Other considerations on fundraisers



- What is the school policy on fundraisers?
- How do you report spoilage on perishable items?
- Where will you store the product at school?
- How will it be delivered to school and to customers? (What about student safety?)
- When will it be delivered? (e.g. Do you want fruit delivered on the last day of school before Christmas break? NO!)
- What are you going to do about bad debts? (e.g. the student who doesn't pay for fruit?) What is the school policy?

Following the FFA money trail

A sample fruit sale fundraiser

Citrus Fruit Sales

- A number of FFA chapters in North Carolina carry out a citrus fruit sale. The following slides follow the process of conducting the fruit sale.

Customer purchases fruit at fruit sale.

- Customer pays student.
- Student gives customer a receipt.
- Student turns in money and receipts to teacher.
- Teacher gives student a receipt.
- Teacher places money in a moneybag that is his/her control at all times.

Ag. Teacher makes deposit

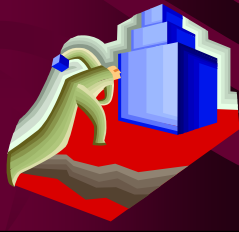
- With school bookkeeper.
- Set up an appointment to make deposits.
- See if a special schedule exists for holidays and early dismissal days.
- Teacher gets receipt from bookkeeper.

Bookkeeper prepares deposit

- Bookkeeper collects and organizes all school fund for deposit.
- School accounts are adjusted accordingly to reflect received funds.
- Bank deposit slip is prepared and sent to bank with funds.
- (Night deposits?)

At the Bank

- Bank verifies deposited amount.
- Accepts deposit and holds funds.



Time to order fruit

- FFA advisor contacts fruit vendor and places order.
 - Sales tax and shipping are calculated into the total prices.
 - Organizations may be tax exempt, but all pay the sales tax and then get a refund.
- **AT THE SAME TIME**, the FFA advisor requests a purchase order for the fruit sale from school bookkeeper.



What is a purchase order?

- A purchase order is an “order to purchase” a product or service.
- Since teachers cannot write checks, they have to request permission from the school to encumber funds.
- A purchase order (PO) ensures that the funds are available in the school account to cover the cost of the product or service.
- It also ensures that funds are being spent for the appropriate reasons.

Here’s how a purchase order system (PO) works.

- Let’s say that there is \$3000 in the FFA account. An agriculture teacher submits the following requests for PO’s:
 - On October 2, PO requested for \$2000 for convention trip. The PO is approved, the bookkeeper encumbers (sets aside) \$2000 in the FFA account. The balance available is \$1000.
 - On October 5, PO for \$400 for FFA jackets. The PO is approved, the bookkeeper encumbers (sets aside) \$400 in the FFA account. The balance available is \$600.
 - On March 6, PO for \$300 for teacher travel to conference. The PO is disapproved. Teacher should use school travel funds.
 - On March 12, PO for \$700 for FFA camp reservation. PO is disapproved. With \$2400 encumbered, there are not enough funds for the transaction.

Time to pay for fruit sale

- FFA advisor receives invoice for fruit sale.
- Sales tax and shipping are calculated into the total prices.
- Organizations may be tax exempt, but all pay the sales tax and then get a refund.

The Purchase Order

- Invoice is confirmed and matched to its corresponding purchase order.
- Purchase Order = authorization to purchase items.
- PO is signed by the principal.

PO is sent to the vendor.

- Years later, supplies arrive.

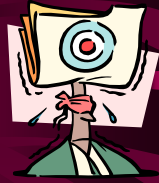


The Big Day!

- Invoice arrives!
- Supplies arrive!
- Packing list? What packing list!



Back to the bookkeeper



- Packing list, invoice and check request sent to bookkeeper.
- Teacher writes the check request.
- **YOU BACKORDER?, YOU DIE!**
- Bookkeeper compares PO, invoice and packing list to make sure they all agree.
- Bookkeeper “approves” the check request.

Once again...

- The following four items must agree with each other in the following way:
 - Packing list – must exactly match the products listed on the invoice in quantity and specifications.
 - Invoice – must exactly match the amount of the check request and the actual check written by the school.
 - Check - must match the amount on the invoice exactly.
 - Purchase order – can be an amount higher than or equal to the amount on the invoice and check, but not lower. If it's too low, you did not encumber enough funds.

The Check!

- Bookkeeper makes appointment with principal (a standing appointment).
- Bookkeeper presents all checks to be signed along with supporting materials.
- Principal signs checks.



The check is in the mail!

- The check is sent to the vendor.
- The invoice is “cancelled”.



Smart things to do regarding school funds.

- Use a moneybag.
- Give receipts for everything.
- Make daily deposits.
- Keep accurate records of everything – invoices, receipts, etc.



Other good things

- Ask your bookkeeper for a weekly/biweekly printout of account status.
- Spend your consumables money by the deadline date.
- Be cautious about “alumni” funds.
- “Petty” cash doesn’t equal “misdemeanor” cash. (embezzlement is a felony)



Define “school funds”

- General definition – any funds received or expended through school activities. These can be state, federal or local funds including fundraising activities.
- Croom’s definition – any money touched by the agriculture teacher.

Types of school funds

- Capital outlay funds – building projects.
- Textbook funds – textbooks.
- Student fees – consumable materials.
- CTSO dues
- CTSO fundraiser proceeds.

Budgeting

An estimate of the financial resources needed to carry out a program. It covers an established period of time, usually the fiscal year.

Fiscal year

- North Carolina State Government – fiscal year begins July 1 and ends June 30.
- North Carolina FFA Association – fiscal year begins July 1 and ends June 30.
- National FFA Organization – fiscal year begins September 1 and ends August 31.

Benefits of budgeting

- Teaching students budgeting skills is essential. Using the local FFA budget provides a real example of the power of budgeting.
- Budgeting directly affects planning and resource allocation, and the program of work.

Simple budget

Income	All projected income sources for the FFA chapter.
Expense	All projected expenses based upon historical data.
Net Income	The difference between income and expense

Steps to budgeting for an FFA chapter

1. Members develop the program of activities with budgets for each activity and/or committee.
2. Committee/program/activity budgets are combined into the chapter budget.
3. Budget is zero-balanced by putting excess income into a "cash reserve" expense item.
4. Historical data on income and expenditures are consulted to verify accuracy of budget.
5. The chapter members vote to adopt the budget prior to the start of the fiscal year.
