

## **EXECUTIVE SUMMARY**

R School is a program of R Memorial United Methodist Church. R School was started over forty years ago by a member of the church who wanted to provide an early education program in a Christian environment to the children of members of R Church and to the children in the surrounding communities.

R School has been very successful since the beginning. About four years ago R School experienced a rapid decline in enrollment as students were pulled from the program by their parents who were in disagreement with the termination of the school director. Since then R School has slowly begun to operate at the point it was four years ago.

R School presently records all of its financial information manually. R School has forty students and about ten employees so recording financial information can take up quite a bit of the school directors and bookkeepers time. The school director also teaches the four year old class so any process that can be made easier as relates to payroll and accounts receivable will give the director more time to focus on the programs of the school, students, teachers, and parents. The school bookkeeper is also R Church's secretary and bookkeeper so any process that can make payroll and accounts receivable for her would give her more time to focus on the tasks she is required to complete for the church.

It is my opinion that the process of financial recording can be made easier with the use of ProCare Childcare Management Software as this software contains the documentation requirements needed for R School.

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## **HISTORY OF R SCHOOL:**

R Pre-school was started over forty years ago by a member of R Memorial United Methodist Church. She wanted to give church members the opportunity of enrolling their children in a school that provided an early education program in a Christian environment. This idea was well embraced by church members. The school did not only provide this opportunity to church members but also to the children in surrounding communities. The pre-school offered classes for children ages one through four. Many years later the founder was no longer able to continue to be the school director. The director who was hired in her place was not a church member but there was no "rule" saying that the director had to be a church member. She was hired not only because of her educational background but also because her children had attended the pre-school and it was seen how much she was involved and enthusiastic about activities in the pre-school. This director brought great success to the school as attendance was at capacity with children on waiting lists. With this director it was felt that a kindergarten through third grade school could be successfully accomplished. It was chosen to implement the grade school over several years. The name of the pre-school was changed to R School and after two years a kindergarten and first grade was added to the program with much success. Unfortunately the school never added a second or third grade because this director was terminated due to the discrepancies discovered in her record keeping. When she left over half of the children were taken out of the program as the parents felt that the termination was "unfair". Over the past couple of years the school has been recuperating and has slowly built its attendance

back up to forty students with the capacity to hold sixty-five students. The third (and present) director of the school has been a very active church member since she herself was a child. R School now currently provides early child development classes to children ages one through four. The school has put off indefinitely its goal of having a kindergarten through third grade program.

**R SCHOOL MISSION STATEMENT:**

R School prides itself in “providing a quality education in a loving, Christian environment for the children of members of R memorial United Methodist Church and also those from our community (R Handbook, pg.1).” The school feels that a young child’s life experiences should be fun, filled with warmth and security, and that a child should be given the opportunity to explore and discover things about themselves as well as their surrounding environment. R School provides the type of atmosphere that encourages a child to grow socially, emotionally, and intellectually. It does this by listening to what the child has to say; songs; arts and crafts; field trips; exposing the child to shapes, numbers, and colors; celebration of birthdays and holidays; and science/nature activities. Each teacher has been taught to accept, love, and understand that each child’s moods, feelings and level of ability are different.

## **R SCHOOL SERVICES:**

**School Year:**

R School provides a service of early child development classes for ages one through four . The school program runs from 8:30 a.m. to 11:30 a.m. For parents who need to be to work before 8:30 a.m. the school has a early morning drop of available. Also provided is a lunch program from 11:30 a.m. to 1:30 p.m. at which time the children eat the lunch they brought from home and play outside on the playground. For parents who work until 5:00 p.m. an after school program is available until 5:30 p.m. which allows free play and an afternoon snack. All programs are available to all students.

### **Summer Program:**

During the months of June, July, and August R School has a summer camp for children ages one through ten. The summer camp generally runs for six weeks and includes the early morning drop off and lunch program. During the summer there are less structured learning activities and more activities like arts and crafts, water play, movies day, etc. In recent years there has been a general theme such as Disney movies and then each week of camp a different Disney movie is focused on in which activities are planned accordingly.

### **CHILDCARE MARKET TRENDS AND PROGRAMS AVAILABLE:**

There is most definitely a very large market for child care. “Americans - mostly working couples or single parents - spend as much as \$40 billion a year on child care.

The market is huge: Two-thirds of working couples have children under the age of 6 - up from 39% in 1975 (Burger, pg. 1).” There are no signs of the market decreasing any time soon. Most parents who enroll their child into a day program do so mostly because they have to work but there are parents where one is a stay at home parent but still enrolls their child in a day program as they feel it gives their child a head start on their education. When it comes to enrolling a child into a day program a parent has several options. One option is enroll their child into a at home daycare. At home daycare’s are run out of a persons home and care for about four to twelve children. A second option is a daycare center which cares for anywhere between twelve to hundreds of children. A third option is to enroll their child in a pre-school. A pre-school groups children according age and/or capabilities into small classes. Usually more educational activities are integrated into daily activities and many parents enroll their child into a pre-school for this reason. Parents are very much capable of exposing their child to the same educational stimulus their child is given at the pre-school but many parents feel that their approach may not be as successful as a pre-school who is designed to help the child develop these skills.

### **R SCHOOL LONG-RUN GOALS:**

R Schools ultimate long run plans is to continue being known in its surrounding community as a quality Christian School that provides the best educational opportunities to the children that attend the school. Some other long run

plans are to enroll more children into the program and to re-introduce the kindergarten class into the program. The priority is to have more children enrolled in the program so that the school is at least operating at capacity. The school plans on adding back the kindergarten class in a couple of years. The future decision of whether or not to go up to the third grade as originally planned several years ago is still on hold. I believe that this decision will be based on how well the re-introduction of the kindergarten goes.

### **R SCHOOL EMPLOYEE RESPONSIBILITIES:**

**(See Appendix 1)**

The responsibilities of R School employees and those associated with running the program are not documented in writing but are related to all parties involved in the program verbally. R School is a program of R Memorial United Methodist Church

therefore the minister of R Church is the final decision maker of R School as the minister is responsible for all program in the church. Second in command is the R School Board which is made up of eight active church members (of which at least one is also a parent whose child attends the school). The board is responsible for setting salaries, hiring/firing employees, advertising, preparing the budget, approving school fund-raisers, and some other decisions made within the school. The school board also listens to the complaints and suggestions made by the schools director, teachers, church members, and parents. Third in command is the School Director who is responsible for teaching the four year old class as well as collecting tuition payments, ordering supplies, calculating payroll, and overseeing that teachers fulfill their responsibilities and making sure all programs in the school run smoothly. The school director gives all tuition, supply fee requests, and payroll calculations to the schools bookkeeper. Fourth in command is the School Directors Assistant who is responsible for performing any requests made of her by the school director and handles matters when the school director is absent from the program. Fifth in command are the School Teachers who are responsible for planning all activities for the class they teach and any requests made of them by the school director. Lastly there are the Teachers Assistants who are responsible for assisting their assigned teacher in all class activities and any requests made of them by the teacher. In addition to responsibilities the director and all teachers are required to have completed a thirty hour program set by the Department of Children and Families (formerly HRS) which includes their certification for first aid, CPR, and child abuse. Teacher assistants are required to have at least completed first

aid, CPR, and child abuse training programs. All employees are encouraged to attend outside workshops and conferences to further their educational training.

**R SCHOOL SUCCESS FACTORS:**

R School feels that it is successful because of its ability to provide a quality early childhood school program to the children that attend the school. R School acknowledges that children are the countries future and it is important to establish and instill in children right from wrong, how to treat others, etc. It is sort of like the poem says “Everything I Need to Know I Learned in Kindergarten”. R School has two competitors in its area, Miami Shores Community Church School and Miami Shores Presbyterian Church Pre-School.

**R SCHOOL COMPETITIVE STRATEGIES:**

In the way of deciding what programs to offer its students the R School Board asks themselves and the parents of the school to suggest programs that they would want their child to participate in and/or that their child would benefit from. R does not compare its services to the other area schools. Basically the only thing R School readily competes with the other schools is the amount of tuition charged so they can try to provide a “better deal” than the other two schools. As far as advertising is concerned the school advertises in the R Church bulletin, through newsletters and community phone books published by the Miami Shore Chamber of Commerce, and through posting flyers in the community. R School also hopes that the schools services are spread by word of mouth by the parents whose children attend the program. R School feels that spending a large amount of money on advertising may get parent(s) in the door to visit the school but it is ultimately whether or not the parent(s) feel their child would enjoy and fit into R’s program and if the programs offered are what the parent(s) are looking for when making their decision of what school to chose.

#### **R SCHOOL CURRENT FINANCIAL SYSTEM:**

R School had almost no internal controls in place until about four and a half years ago when it was discovered by the school board that the schools second director had been very careless in recording tuition payments that had been collected; ignoring accounts that had been outstanding for several months, if not longer; and not making at least weekly deposits of tuition and other money received. The school was suffering financially due to this carelessness. After her termination the school board realized that they had put too much trust into the director and that they needed to make necessary changes to ensure that this did not happen with the next director they hired. The board also knew that once these changes were made that they needed to follow-up to make sure things were being done properly. As noted earlier the school board is responsible for ensuring each employees responsibilities are carried out and will take proper action if they are not. After the schools experiences with its former director R School board has also segregated recording of financial information as much as possible between the school director and the school bookkeeper and has continued to follow-up to ensure that all financial activities are followed accordingly.

R School currently records all of its financial information manually, there is no computer program used in calculating or recording any financial information. There is no chart of accounts numbering system and no flow charts exists for current system procedures. There is no written documentation of receivables and expense procedures. These procedure were verbally communicated by the school board to the director and the bookkeeper.

**Requirements of R School Financial System:**

Basically what the school board requires is that tuition and all other fees are accurately recorded and kept up to date and that the board is made aware of any outstanding balances on a monthly basis. As far as payroll is concerned it is required that hours are accurately documented, and all taxes related to payroll are recorded for tax purposes and that each employee receives with her check the paycheck summary.

### **Accounts Receivable Accounts:**

All accounts receivable are named according to where the receivable is coming from. Current accounts receivable are as follows: Registration Fee, Supply Fee, Tuition, Lunch Program, After School Care, and Fund-raisers. Registration Fees are fees paid by the parent(s) in order to register their child in the school. Supply Fee is a set fee paid by the parent(s) to the school to cover the cost of supplies (i.e. paper, glue, crayons, snacks, etc..) by their child for the school year. Tuition is the fee paid by parent(s) either in full or in nine monthly installments for the child to attend the school. Early Arrival Fee is a fee payable in monthly installments for parent(s) who need to drop off their child up to an hour before the school day begins. This fee is also available at a daily rate to those parents who only need to take advantage of this on an as needed basis. Lunch Program Fees are payable in monthly installments by parent(s) who enroll their child into the lunch program. After School Care is a fee paid by the parent(s) who enroll their child into the after school program that is paid in monthly installments.

### **Procedure for Accounts Receivable:**

**(See Appendix 2 and 3)**

The bookkeeper has a large binder containing alphabetical index dividers which has a student account ledger filed according to the child's last name. The paper contains the child's and parents name, address, phone number, and class and extra programs the child is enrolled in. There are preprinted rows and columns on the paper. The columns contain the following headings: Total Monthly Fees, Date of Deposit, Check number/Cash, Tuition, Lunch Program, After Care, Supply Fee, Other, and Balance. This card is set up at the beginning of the school year for each child enrolled in the school. At the time of registration the parent gives the school director a check or cash for fees and includes the amount for tuition (this amount varies according to if the parent pays in full or chooses the nine month installment plan). If it was paid in cash then the director gives the parent a receipt with the amount paid otherwise the parent(s) canceled check is their receipt of payment. The director then gives the checks and cash collected during the day to the bookkeeper. The bookkeeper then credits the amount received for the fees and tuition and calculates the balance. If all fees and tuition are paid in full at the time of registration then no additional attention is given unless the child is enrolled in the early arrival, lunch and/or after school program as these fees are collected on a monthly basis. For those who chose the nine month payment plan and any child enrolled in the additional programs the fees for these are paid on the first of each month. When the checks are given to the bookkeeper by the director the bookkeeper must go through the binder and record tuition and fees received from each student. The bookkeeper than prepares the checks for deposit and the deposit slip. After doing this there is a preprinted form in another binder that

records all deposits for the total amount received for each category of receivables which is recorded at this time. This binder records deposits by date. The bookkeeper then takes the deposit to the bank and receives the deposit receipt. The bookkeeper then staples the receipt to the deposit form she filled out earlier and files it into the binder by date. On the tenth day of the month the bookkeeper gets out the binder with the student ledgers in it and goes through each ledger to see if there was anyone who did not pay their monthly installment and/or fees as of this date. Whoever's account is outstanding at this time is mailed a written notice of the amount past due. On the twentieth day of the month if there are still outstanding monthly balances on any account it is brought to the attention of the school board in writing at which time the board attempts to take proper actions in collecting remaining outstanding monthly balances.

### **Expense Accounts:**

Most expenses incurred by the school relate to payroll, payroll taxes, and supplies. Payroll is the amount paid to the employees for the hours worked over a two week period. Payroll taxes are taxes to be paid on the amount of income each teacher is paid. Supplies are all items ordered and/or bought to use in R School activities such as construction paper, glue, crayons for arts and crafts, and snacks for snack time.

### **Procedure for Payroll Expense:**

In regards to payroll the school director manually keeps a record of each teachers daily hours over a two week period. Transaction procedure for payroll is at the end of the two weeks the director sits down and adds up each employees hours,

calculates gross pay, payroll taxes, and net pay on a piece of paper. This paper is then given to the bookkeeper who double checks all calculations. The bookkeeper then enters gross pay, payroll taxes, and net pay on separate ledger paper for each employee. The bookkeeper then prepares a written paycheck summary for each employee that lists these items and total employee's hours. The bookkeeper then prepares the checks and gives them to one of the two persons (church members) who are authorized to sign on the account. Lastly the bookkeeper gives the checks to the director who in turn gives them to the employees.

#### **Procedure for Supplies Expense Accounts:**

As far as payment of supplies are concerned the director fills out a check request form and attaches documentation (i.e. receipts, bills) that justifies the check request and give this request to the bookkeeper. The bookkeeper then prepares the check and documents the date, amount of check, and the check number on the check request form. The bookkeeper request signature on check by one of the two authorized signers and includes the check request form for signer to view if needed. The check is then given back to the bookkeeper who give it to the director who uses it for payment of the requested supplies. The check request form and documentation for justification is retained by the bookkeeper and is filed according to date in a file with supplier name.

**PROBLEM WITH CURRENT FINANCIAL SYSTEM:**

For my project I am going to focus primarily on accounts receivable for tuition and expense account for payroll and find some type of software program could help ease this process. The problem with the current way the school records financial is that everything is recorded manually, this is not to say that manual recording is bad, but in this situation there is a more efficient way to record these transactions. The R School director would most definitely be able to reduce the hour or two needed calculate payroll to just minutes. The bookkeeper would benefit as she is also R Church's

secretary and bookkeeper and a software program for the school accounting records would increase the time she has available to focus on fulfilling other duties required of her by R Church. A computer program would also greatly reduce the bookkeepers time needed to re-check completed payroll calculations as well as the procedures taken in keeping up to date on who has or has not paid their tuition. A computer program would increase accuracy of records and reduce time so that the director is able to focus on the other duties she is required to perform. Having more time is a key factor as not only is she responsible for overseeing that each day runs smoothly but she herself teaches the four year old class which can be very time consuming.

### **OUTSIDE CONSULTATION:**

In trying to find a software that will at least meet the needs of the schools accounts receivable and payroll expenses I first called the other two schools in the R School area to find out how other schools keep their financial records. Miami Shores Community Church School uses a computer software called E-Z Care. Miami Shores Presbyterian Church Pre-school keeps its financial information on a program called CCM Turbo. Both school directors stated that their software has meet the needs of the school and that they are very happy with the software their using. Both directors also confirmed that using the software most definitely gives them more time to focus on the needs of the children and staff and gives them more time with their students parents. I

then looked to find information on both of these programs. I was unable to locate any information on E-Z Care but was able to find information on CCM Turbo. CCM Turbo is manufactured by a company named Personal Software Inc. who specializes in Child care Management Software for child care centers of all sizes. Personal Software, Inc. sells its programs in five different modules. Each program can work independently or with other modules. For example there is a software module for child family information, and another program for employee information, it then sells a third program that records the financial information and a fourth program that records payroll expenses. After looking into this software I decided that it might not be the best option for R School and looked for other child care management software programs that would be better for R School.

#### **RECOMMENDATION OF NEW FINANCIAL SYSTEM:**

##### **(See Appendix 4)**

After looking into several child care management software program I choose ProCare Child Management Software as the best solution for recording R Schools tuition and their calculation of payroll. R School has the system requirements needed to run this software. The software cost about \$350 dollars and includes Family Data and Accounting, and Employee Data and Payroll. In addition to these functions the software also keeps track of accounts payable and keeps the general ledger. This software seems to provide all required record keeping functions as relates to student accounts and payroll as well as all additional information the school keeps in paper files on its students and employees.

**DESCRIPTION OF NEW SOFTWARE:****Family Data and Accounting:**

The Family Data portion of the software records all information that relates to each student, such as the child's immunization records, schedule of programs the child is enrolled in, emergency contacts, etc. The Accounting portion keeps a individual ledger under each students name showing charges and credits to the students account. There is also a section on the student ledger for any comments needed to be made as relates to the transactions made on the students account. The family accounting automatically generates individual late due notices for all outstanding accounts. The family accounting portion would reduce the tedious task of the bookkeeper having to look at each students account ledger to see whose balances are outstanding and writing

the past due notices. The record keeping of students family data is an added bonus and would practically eliminate the need to keep this information in paper files.

### **Employee Data and Payroll:**

The Employee Data portion of the software keeps track of all employee information such as the employees title, date of birth, date hired, employee training, etc. The Payroll portion calculates payroll and payroll taxes for each pay period. It keeps a track of year to date gross pay, withholdings, and net pay. The software will also print out the payroll checks although at this time I don't think R School would use this function. It can record sick and vacation pay as well. The recording of employee data is an additional bonus to what the original reason of finding software to keep track of payroll. This additional bonus would be very useful to R School because the school could quickly locate most frequently referenced employee information and practically eliminate the need for paper files.

## **NEW PROCEDURES FOR FINANCIAL RECORDING ON PROCARE**

### **SOFTWARE:**

#### **Accounts Receivable:**

**(See Appendix 5)**

Procedure for tuition and fees received would slightly change if R School were to purchase this software. The parent(s) would continue to give payment to the director and the director would give the parent(s) a receipt for amount received if the payment was made in cash. The director would then give payments received to the bookkeeper. The bookkeeper would then pull up each students ledger and credit amount of payment received to the students ledger. After crediting all payment to corresponding accounts the bookkeeper will then prepare the cash and checks for deposit. The bookkeeper posts the total amount in the schools general ledger. The bookkeeper still manually prepares the deposit record and the deposit slip. The bookkeeper then takes the deposit

to the bank and receives the deposit slip and once back at the office staples the deposit slip to the deposit record and files by date. On the tenth day of the month he bookkeeper requests the program to print past due notices of all outstanding accounts and mails these notices. On the twentieth day the bookkeeper can request the program to print out a list of all balances still outstanding as of this date and gives the list to the school board to take proper action in collection of balances.

**Payroll Expense:**

**(See Appendix 6)**

Payroll procedures would change greatly. The employees schedule would already be in the system so the director would not have to calculate hours as this will all ready be completed by the software. All the bookkeeper would have to do is ask the program to calculate employee payroll, have the computer print out he paycheck summary, have the computer update year to date earnings and payroll taxes, manually write out the checks. The bookkeeper posts the total payroll amount to the school general ledger. Then the bookkeeper requests one of the authorized signers signatures. The bookkeeper would then give the checks to the director who would in turn give them to the employees. Calculations would not have to be double checked as the computer calculations are accurate. Things that may need to be verified are if the employees pay rate changes and if the employee works any additional hours during the pay period.

**IMPLEMENTING PROCARE SOFTWARE:**

The most feasible time for R School to implement this software into its system is the beginning of registration period which is on May 1st. I feel this is the best time because this would be when new student account ledgers are set up for the school year. New information sheets will be filled out and turn in by the parent(s). Employee information can be inputted at this time as raises, schedules etc. for the following school year will be known at this time. By implementing the program starting May 1st as opposed to in the middle of the school year prevents the bookkeeper for having to spend time inputting information that has all ready been manually recorded for the first half of the school year into the new system.

**EMPLOYEE TRAINING:**

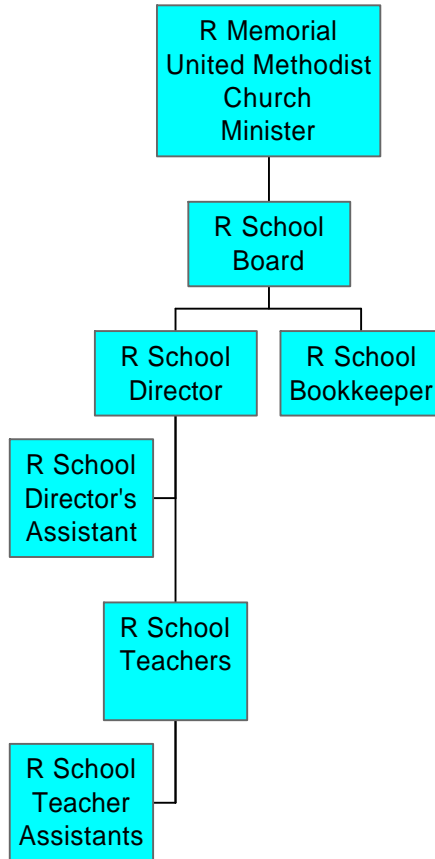
It is my opinion that no outside training for the director and bookkeeper are needed as both persons are very computer literate and the program appears to be very user friendly. Professional Solutions, who sells ProCare Childcare Management Software, offers free customer support to purchasers of its software that would be available to the director and/or bookkeeper if needed.

**CONCLUSION:**

The software is cost efficient as \$350 dollars is a feasible amount to pay for a program that performs the tasks that it does and allows the director to focus on running the school. The software greatly reduces the bookkeepers time needed in updating student ledgers, preparing late due notices, checking payroll calculations, and recording payroll manually into a ledger. This give the bookkeeper more time to focus on duties she is required to perform as she is also R Church's secretary and bookkeeper. More time for the director and less time for needed for the bookkeeper is especially a concern as the school continues to enroll new students and implement its grade school as these will be very time consuming for the director to ensure everything is running smooth and for the bookkeeper to record all financial information.

Overall the software gives the director more time to work on increasing enrollment and implementing new programs so that R School continues to provide a quality Christian education program to the children of members of R Church and Children in the surrounding communities.

# *R School Organizational*



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Miami Shores Presbyteriana Church Pre-School. 602 N.E. 96th St. Miami Shores, Fl.  
33138. (305) 751-5417.

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Professional Solutions. ProCare Software. <http://www.procaresoft.com>

R School. 205 N.E. 87th St. Miami, Fl. 33138. (305) 758-7522. Rebecca Olsen,  
Director. Cynthia Saulan, Bookkeeper. Patricia Ray, School Board  
Chairperson.