



Giving Together Creates Impact

Nonprofit Bookkeeping 101

For-Profit vs. Non-Profit

	Non-profit corporations	For-profit corporations
Owners:	None	Shareholders
Accountability	Members, donors, community at large	Shareholders
Primary Mission:	Provide services needed by community	Earn profits for shareholders
Secondary Mission:	Ensure that revenues are greater than expenses so that the services provided can be maintained or expanded	Provide services or sell goods
Financial Statements:	Statement of Activities Statement of Financial Position Statement of Cash Flows	Profit & Loss Statement Balance Sheet Statement of Cash Flows
Taxes/Reporting	Form 990 Information Return, not subject to tax unless income from non-exempt function revenue	Form 1120, subject to income tax

Non-Profit Reporting Requirements

Criteria	Form to File	Due Date*
Gross receipts normally \leq \$50,000	990-N	May 15
Gross receipts $<$ \$200,000 and Total Assets $<$ \$500,000	990-EZ	May 15
Gross receipts \geq \$200,000 or Total Assets \geq \$500,000	990	May 15
Private Foundation	990-PF	May 15
Unrelated business income \geq \$1,000	990-T	May 15

* - Returns for fiscal year filers is due the 15th day of the 5th month following the end of the fiscal year

Other Reporting	Fee	Due Date
Montana Secretary of State Business Entity Annual Report	\$ 15	April 15
No information return required		

Financial Management

Put good systems in place

Policies and processes that ensure good internal controls and accuracy

Accounting

Know what is going on

Get and use good reports
Ask questions
Provide oversight through understanding of financial statements

Reporting

Planning

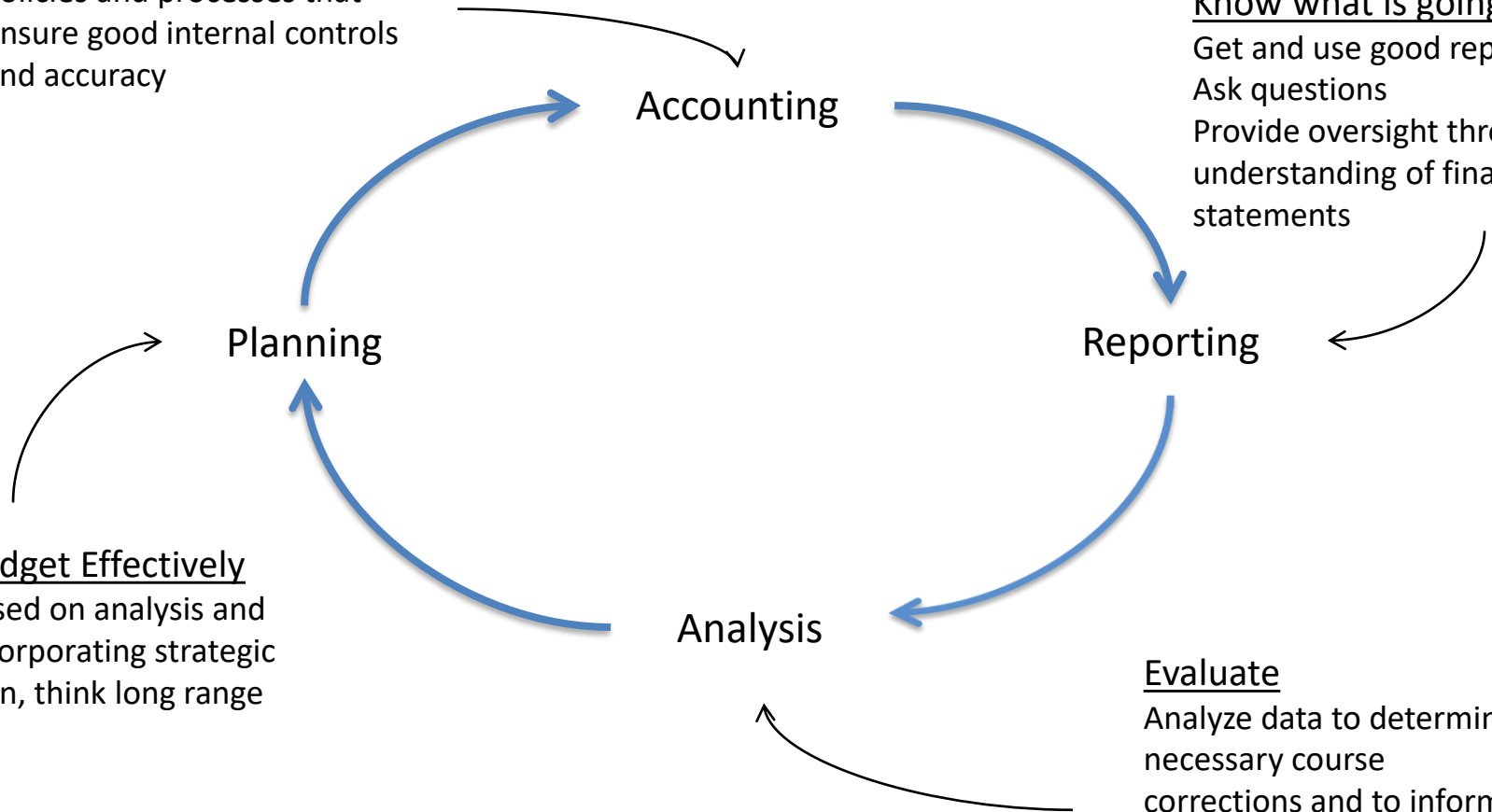
Budget Effectively

Based on analysis and incorporating strategic plan, think long range

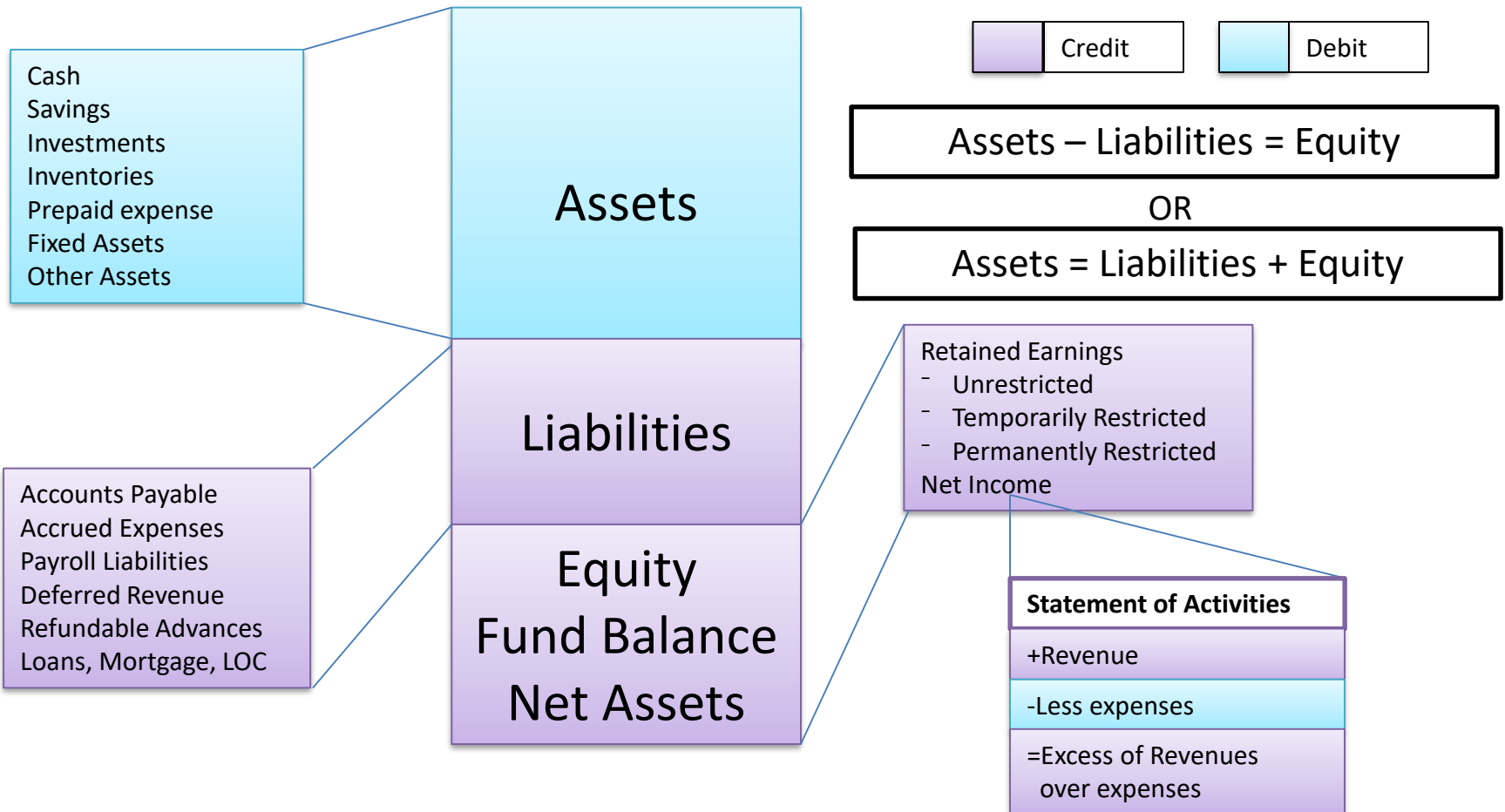
Analysis

Evaluate

Analyze data to determine necessary course corrections and to inform planning



Statement of Financial Position (aka The Balance Sheet)



Balance Sheet

	FY-2017	FY-2016
Current Assets		
Cash	10000	8000
Investments	20000	15000
Inventories	2000	1500
Accounts receivable	1000	1500
Pre-paid expenses	0	0
Other	0	0
Total	33000	26000
Fixed Assets		
Property and equipment	4500	4000
Less accumulated depreciation (Negative Value)	-1000	-750
Total	3500	3250
Total Assets	36500	29250
Current Liabilities		
Accounts payable	1000	350
Payroll Taxes payable	1500	1250
Unearned revenue		
Total	2500	1600
Long-term Liabilities		
Mortgage payable	20000	22500
Total	20000	22500
Net Assets		
Net Assets	14000	5150
Total	14000	5150
Total Net Assets	36500	29250

Balance Sheet

	FY-2017	FY-2016
Current Assets		
Cash	10000	8000
Total	10000	8000
Total Assets	10000	8000
Current Liabilities		
Accounts payable	0	0
Total	0	0
Net Assets		
Net Assets	10000	8000
Total	10000	8000
Total Net Assets	10000	8000

Project Budget - Nonprofit Workshop

	BUDGET	NOTES
Sources of Revenue:		
Sponsorships	2000	Confirmed
Grants	1000	Applied for - pending
Workshop fees	3000	100 participants @ \$30
Total	6000	
Project Expenses:		
Location rental	300	
Food & Drink	1000	Continental breakfast
Printing	2000	Handouts & workshop materials
Speaker	1500	
Advertising	200	Print ads
Staff time	1000	2 staff - 25hrs @ \$20/hr (avg)
Total	6000	
Net Project Budget	0	

Revenue

- Earned (Operational) Revenue
 - Program-related revenue
 - Membership dues
 - Interest, Investment & Rental Income
 - Sales of inventory
- Public Support
 - Contributions
 - Grants
 - Fundraising & special events

Earned Revenue

- Income earned through the course of providing services which serve the exempt function of the organization
- Should be recorded separately from contributions and grants
- Under cash basis, recorded when received
- Under accrual basis, invoicing and accounts receivable are recorded when income is earned

Contributions

Types of contributions and grants:

- General or unrestricted
- Donor restricted
- Pledges (conditional vs. unconditional)
- In-kind goods or services

All donation checks should be deposited upon receipt.

Substantiation of Contributions

1. Cash gifts over \$250 must receive written acknowledgement including
 - a. Name of organization and Tax ID #
 - b. Amount of gift
 - c. Date of gift
 - d. Either a statement that no goods or services were received, or a statement containing the description and estimated value of goods or services received in exchange for the gift
2. Non-cash gifts over \$250 must receive written acknowledgement including
 - a. Name of organization and Tax ID#
 - b. Amount of gift
 - c. Date of gift
 - d. Description, but not value, of non-cash contribution

Restricted vs. Unrestricted

- Restricted

- Funds should be segregated until spent
- Expenditures should be tracked separately from operating expenses to enable full accounting to donor, if necessary
- If the project results in assets to the organization, expenditures should be capitalized

- Unrestricted

- Can be treated as general contributions

Pledges

- Unconditional Pledges should be recorded as revenue when they are received. The organization should obtain written acknowledgement of the promise from the donor.
- Conditional Pledges (such as matches) should be recorded when the condition is met.

In-Kind Donations

- Contributed services
 - Recognized if meet 1 of 2 conditions:
 - Result in a nonfinancial asset (such as services contributed towards the construction of a building)
 - They are services requiring special skills (such as those of accountants, architects, plumbers, doctors, lawyers, and other professionals and craftsmen) **Note: Donated services are not deductible to the donor.**
- Contributed vehicles
 - Special rules apply, Form 1098-C must be filed within 30 days of gift if value is over \$500

Fundraising Events

- Income and expense should be recorded and tracked separately from other income and expense items for reporting on Form 990.
- Payments over \$75 for which goods or services were received must be provided a written disclosure of:
 - Total amount of contribution
 - Fair market value of goods or services received
 - Deductible amount of the contribution
- Exception: Insubstantial goods or services, such as membership benefits or low-cost articles

Expenses

- Organizations should implement policies for tracking expenses between the following 990 categories:
 - Program
 - Administrative
 - Fundraising
- There are various options for tracking

Payroll

- Nonprofits are subject to the same payroll rules and reporting as for-profits
- Taxes must be withheld from employee paychecks and paid to the IRS
- Quarterly and annual reporting to both federal and state agencies
- Subject to the same wage & hour laws as for-profits
- Must have a workers compensation insurance policy