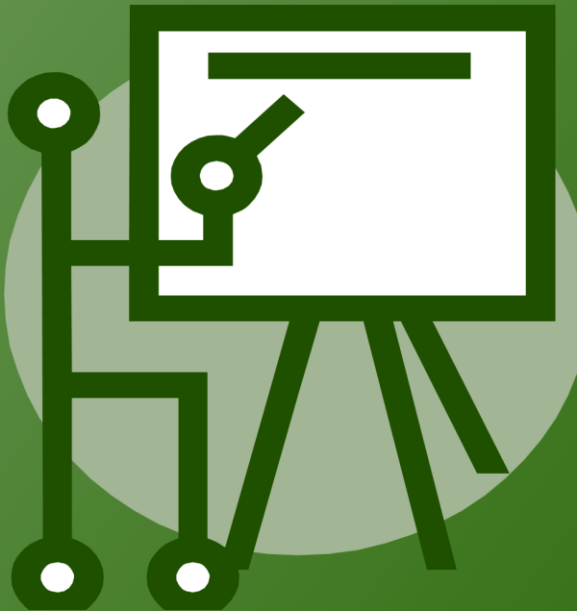
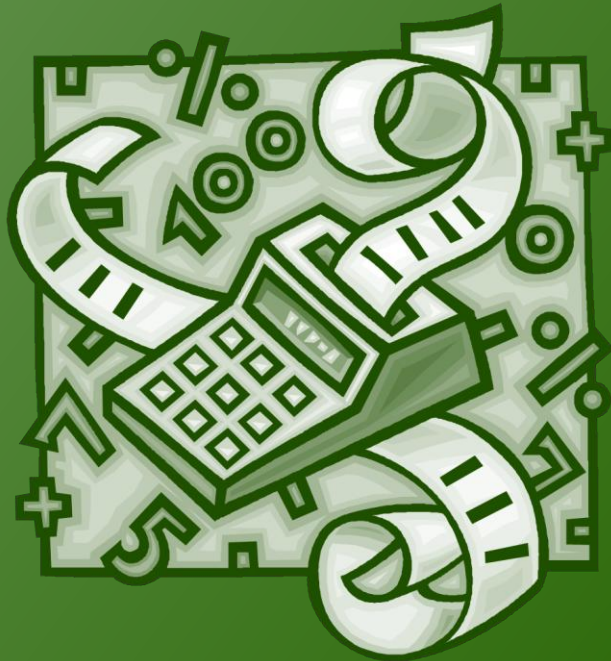


USING QUICKBOOKS® IN YOUR NON-PROFIT ORGANIZATION



THE REVISED IRS FORM 990





Filing Requirements

- ❑ ALL nonprofits are required to file annually with the IRS
- ❑ Which form an organization is required to file is based on gross revenue
- ❑ The IRS is phasing out the Form 990 EZ
- ❑ The IRS is phasing in the revised Form 990 based on gross revenue over the next several years – the figure decreases each year



Filing Thresholds

- Posted on the IRS Website
- In your seminar materials
- Also posted on our Website



Filing Deadlines

- ❑ Return due 4-1/2 months from end of fiscal year
- ❑ Can file an automatic extension
- ❑ A second extension may be granted, but requires IRS approval



Critical Issues

- ❑ Good accounting
- ❑ Proper allocation of revenue and expenses into functional expense categories
- ❑ Administration and fundraising expenses should total no more than 25% of total expenses (as recommended by the Better Business Bureau and the National Center for NPO Boards)



Governance

- ❑ Reflected in the new 990 is the IRS focus on governance of public charities
- ❑ WHY? The belief that good governance increases the likelihood of operating in compliance with federal law
- ❑ Although good governance policies and/or practices are NOT required by federal law, the IRS has “implicit jurisdiction”



- ❑ Whether a particular policy, procedure or practice should be adopted may be dependent on the NPO's size, type and culture
- ❑ Important to consider which policies and procedures are most appropriate for your organization to ensure good governance and compliance with tax laws



- ❑ Contemporaneous documentation of Board of Directors and key organizational meetings and actions is required – take minutes of all meetings!
- ❑ Minutes should include a record of actions taken, when taken, and who made the decision
- ❑ Maintain a binder or file of all minutes



- ❑ Need to implement a process by which the final Form 990, with accompanying schedules, is reviewed by the NPO's governing body prior to filing with the IRS (a subcommittee, such as the Audit or Finance Committee, is acceptable)
- ❑ The review process must be described in Part VI, Line 10 of the 990



Policies and Procedures

- ❑ As a service to our clients, sample policies are on our Website
- ❑ However, they **MUST** be customized to conform to each NPO
- ❑ Policies are of no use unless they are implemented
- ❑ Consulting legal counsel is **STRONGLY** recommended



Public Disclosure Requirements

- ❑ Governing documents, including Form 1023, Articles of Incorporation and Bylaws
- ❑ Conflict of Interest Policy
- ❑ Financial statements, including Form 990



Satisfying Public Disclosure Requirements

- ❑ Best practice: posting on NPO's Website
- ❑ Provide copies upon request
- ❑ Post on another Website, not including GuideStar
- ❑ Have copies available for inspection at an office of the NPO



Good governance includes:

- ❑ A clearly articulated mission
- ❑ An active and engaged Board of Directors
- ❑ A Code of Ethics by which the Board and staff abide
- ❑ An independent Audit Committee
- ❑ Competent financial oversight

Continued . . .



- ❑ The Board of Directors reviews the Form 990 prior to filing
- ❑ Well-crafted management policies addressing conflicts, document retention, joint ventures, expense reimbursement, non-standard gifts, and whistleblowers
- ❑ The policies and procedures are followed



Raffles

- ❑ The IRS has ruled that raffles are gaming as defined in Form 990.
- ❑ NPOs that participate in raffles are required to file Schedule G
- ❑ Schedule G has increased reporting requirements
- ❑ Raffle income must be segregated
- ❑ NPOs are required to register with the AG annually if they intend to conduct raffles



Auctions and Other Fundraising Events

- ❑ Sponsorships are contributions
- ❑ Segregate event tickets from auction purchases – tickets are fundraising income, and auction purchases are contributions
- ❑ Track fundraising event costs separately



How to Improve your 990

- ❑ Use the Statement of Program Accomplishments to the fullest
 - Many nonprofits fail to tell their story
 - This is the one place to detail your accomplishments
 - Have your Program Managers review the statement



Strategically Craft your Message

- ❑ The culture, values, core capacities, and direction of your organization
- ❑ Your organization's image to internal and external audiences
- ❑ How your organization benefits society



Use your 990 to Detail:

- ❑ The **NEED** your organization meets
 - Purpose Statement
- ❑ Your **SOLUTION** to the **NEED**
 - Program descriptions
- ❑ **PROOF** the **SOLUTION** meets the **NEED**
 - Statement of Program accomplishments



In Conclusion ...

- ❑ Look at your IRS Form 990 from a donor's perspective
- ❑ Formulate a strategic plan to market your organization through the Form 990
- ❑ Put the power of GuideStar to work for your organization by updating your information on the GuideStar
- ❑ **REMEMBER:** the Form 990 is a PUBLIC document!

USING QUICKBOOKS® CLASSES FOR ALLOCATING EXPENSES BY PROGRAM, ADMINISTRATION AND FUNDRAISING



GRANT AND EVENT COST TRACKING USING CUSTOMER: JOB REPORTING



BUDGET SET-UP, TRACKING AND REPORTING



CUSTOMIZING QUICKBOOKS®



UNIFIED CHART OF ACCOUNTS





Unified Chart of Accounts

- ❑ Designed to create consistency in nonprofit financial tracking and reporting
- ❑ UCOA is cross-referenced to IRS Form 990, OMB-122 and United Way UWAACS
- ❑ Meets Generally Accepted Accounting Principles (“GAAP”)

THE 2004 NON-PROFIT INTEGRITY ACT





Key Provisions

- ❑ NPOs have 30 days to register and file Articles of Incorporation with the AG's Registry of Charitable Trusts
- ❑ Independent audits of financial statements are now required for NPOs with gross revenues of \$2 million or more

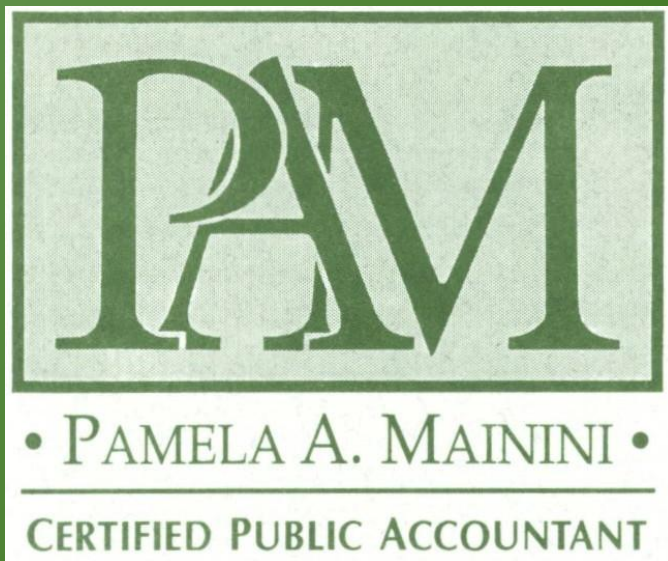


- ❑ NPOs with gross revenue of \$2 million or more must establish and maintain an Audit Committee
- ❑ Executive Compensation must be reviewed and approved by the Board or an authorized Board committee, to ensure that pay is “just and reasonable”.

WEBSITES / RESOURCES



BIOGRAPHICAL SKETCHES





Thanks for coming this evening.

*Let us know how we can help
your organization be successful.*

